Daily Report

Central Eurasia

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Fuel Minister on Caspian Sea Status, Azerbaijan

MK0106105095 Moscow SEGODNYA in Russian 1 Jun 95 p 2

[Report from Baku by Arif Useynov under the "Cooperation" rubric: "Yuriy Shafranik Views Discord With Respect to the Caspian Sea Status as 'Unjustified.' He Is for Expanding Russian-Azerbaijani Cooperation in Oil Production"]

[FBIS Translated Text] Yuriy Shafranik, Russian Federation fuel and energy minister, who came to Baku immediately after the international exhibition "Khazarneftegaz-95" closed, prior to his official meeting with President Geydar Aliyev told journalists that his attitude toward "the contract of the century" is positive and that he considers "any talks about the status of the Caspian Sea unjustified."

The main topic of the Russian-Azerbaijani negotiations, held this past weekend, was cooperation in the field of oil production, which is to be further developed and expanded with maximal use of scientific, professional, and industrial potential of the two countries. The Russian minister noted that, in this respect, "LUKoil" is significantly ahead of the Fuel and Energy Ministry. The company is intensifying its participation in several joint programs on the development of new and the use of old oil deposits. Yuriy Shafranik proposed to expand cooperation and urged the mobilization of both countries' resources for the implementation of more large-scale projects. Journalists learned nothing specific as regards the essence of these projects. The minister said only that he is ready to consider the question of Azerbaijani investments into the Russian Federation oil industry. It followed from everything the minister said that Yuriy Shafranik intends to promote Russian cooperation with Azerbaijani oil workers "for the benefit of people and nations" and to help the latter "to extract the riches of the bountiful Azerbaijani soil," which was highly appreciated by President Geydar Aliyev.

In the opinion of local observers, the Russian minister understands better than politicians that Russia must not give up cooperation and play the role of a hurt partner, since this will give it nothing at all — its place will be taken by Western companies. The latter, however, are not always well-suited for Azerbaijan, since the West, offering the latest technologies, tends to ignore the existing projects developed by oil industry researchers in Baku. During the entire history of the Soviet oil industry, Baku was considered as an "oil academy," and Russia and Azerbaijan jointly developed this branch of industry for decades; therefore, they should not disunite now, either. This is how the dialogue between Yuriy Shafranik and the president and numerous experts and state officials was perceived in Baku.

Issues in Transport of Caspian Oil Examined

MK3105124095 Moscow KOMMERSANT-DAILY in Russian 31 May 95 pp 1, 4

[Report by Georgiy Bovt under the "Situation Over Caspian Oil" rubric: "The Inscrutable Ways of Oil"]

[FBIS Translated Excerpt] Routes by which oil of the international Caspian consortium will be transported are still at the focus of its members' attention. Russian Fuel and Energy Minister Yuriy Shafranik, who has just been to Baku, tried to convince the Azerbaijani leadership yet another time to agree to export oil via Russia. Back last fall this option seemed to be one of the least probable in light of Baku's desire — which it has never tired of demonstrating — to distance itself from Moscow on so sensible a matter as control over "the oil valve." Recently certain evidence has emerged, however, proving that the persistence of Russia, which has not given up its intention to keep pressuring Azerbaijan to the end, may pay off. The situation has taken a new turn first of all because Moscow has emphasized the seriousness of its intentions by its readiness to go all the way to achieve victory in Chechnya. As a result, presently Russia has somewhat wider possibilities to influence the choice of pipeline routes and terminal ports for the $7.4-billion project, known as "the deal of the century," Georgiy Bovt comments.

When the Chechen war was just beginning, there was no shortage of statements by Russian officials to the effect that it has nothing to do with the region's oil matters whatsoever. But something that was just hinted at in the early winter (including by KOMMERSANT-DAILY) has now become absolutely clear: Had it not been for the emerging military victory over the Dudayevites, the Russian option of transporting the Caspian consortium's oil simply would not have been discussed seriously. For the war in Chechnya and Caspian oil has been intertwined from the outset.

So, it is precisely at this stage that Yuriy Shafranik could bring along to Baku a large package of documents on pumping oil from the Caspian shelf oil fields. The Russian side has drawn up materials on pipeline designs, including options calling for oil transportation across Turkey, Iran, Georgia, and, naturally, Russia itself. When Shafranik says "Russia," he means "LUKoil." This company lays claim to being in charge of transportation matters. Presently the issue is first of all the so-called initial oil of the consortium, which, according to LUKoil head Vagit Alekperov, will start

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exporting it as early as the end of 1996 or the beginning of 1997 (at the initial stage, one will be able to make do with existing pipeline capacities, and by the time the main oil flows emerge, the question of building the main export pipeline will be resolved). The LUKoil president expressed his confidence the other day that of all projects to transport the consortium's crude, for economic reasons the Russian route will be chosen. In this case, Alekperov said, existing pipelines (evidently including those running through Chechnya and Groznyy) will be used.

The project will cost $20-30 million, whereas by Mr. Alekperov's estimate (confirmed by numerous experts) the construction of a new pipeline (via Turkey) will require at least $1 billion. Moreover, while initially the "Russian route" was seen as just a pipe leading to Novorossiysk and only afterward (via the Black Sea straits) to the world markets, now representatives of LUKoil look at this problem from a broader perspective. They plan to engage in the project nearly the entire European pipeline system. A definitive decision on the routes of exporting initial oil may be made in July-August. As of today, there are two main options left — across Russia or across Georgia (either to Batumi or further on to Turkey). At the same time, the Azerbaijani side represented by the management of the GNKAR state oil corporation, unlike previous occasions sees the Russian route as a fully realistic possibility. [passage omitted]

Azerbaijan is unlikely to give up its attempts to involve Iran in the complex geopolitical game over regional pipeline routes. All the more so because others have already begun doing so. There is an Iranian-Kazakhstani protocol that calls for the construction of an oil pipeline to connect the Tengiz field in Kazakhstan with the Caspian Sea port of Aktau. It is not clear, however, whether this deal will finally be accepted by the U.S. Chevron company (it owns a 50-percent stake in the development of Tengiz, capable of producing up to 2 million tonnes of oil a year). It is worth noting, however, that despite already mounting difficulties relating to the export of increasing volumes of Kazakhstani oil, that same Chevron is boycotting the consortium made up of Oman, Russia, and Kazakhstan, which plans to build a new oil pipeline across Russia to the Black Sea. Turkmenistan and Iran have also concluded an agreement on building a transcontinental pipeline via Iran and Turkey and are currently searching for investors (so far unsuccessfully, however).

So, Russia and LUKoil have entered the decisive stage of the struggle over oil transportation routes. An early victory in Chechnya will, undoubtedly, give LUKoil yet another trump card — political instability in southern Russia and in Georgia has up to now been the chief factor holding off a positive decision on the transportation question. It is well known that the Russian Fuel and Energy Ministry and the Foreign Ministry have until recently held different views on the Caspian consortium: the Foreign Ministry has been its main critic, opposing the project on the grounds that it will set a dangerous precedent of splitting the Caspian Sea into national sectors. Smolenskaya Square's arguments have gone unheeded: An international conference on the problem, which was held in Almaty recently, achieved nothing. Russia should hardly count on Iranian support in this matter either because Tehran is bent on multilateral horse trading for access to international oil projects in the Caspian Sea. Nor should we overestimate the importance of oral support by Turkmenbashi [sarcastic reference to Turkmenistan President Niyazov], given at the Russian-Turkmen summit in early May: Turkmenbashi has already earned a reputation for being capable of changing his line of conduct flexibly and imperceptibly, proceeding exclusively from his own interests. As for Boris Yeltsin's stern words heard at the same summit, to the effect that a split of the Caspian Sea would be impermissible, to all appearances they will remain just words: Moscow has currently extremely limited leverage on Baku. Given that, Heydar Aliyev may even go as far as approving of the transportation of initial-stage oil across Russia. Then Moscow would appear to have achieved a mid-way victory. The Foreign Ministry's arguments in this case would be greatly inflated, while those of the Fuel and Energy Ministry and LUKoil would soar in price. And after that, in a calmer atmosphere, one would be able to make a decision on building the main pipeline. Across Turkey.

Russian, Turkmen Talks on Caspian Studied

954F2395A Baku ZERKALO in Russian
No. 19, 20 May 95 pp 1, 3

[Unattributed article: "Status of the Caspian: A New View From Turkmenistan?"]

[FBIS Translated Text] The results of Russian-Turkmen negotiations in Moscow will certainly be discussed for a long time to come. If Turkmenistan has quite recently not gone so far as to distance itself from Russia, it has in any case striven to conduct an independent policy. Indeed, its declaration of a certain "special status of the Caspian," announced at a joint press conference by B. Yeltsin and S. Turkmenbashi, seems at least unexpected.

Clearly there is no need to overrate the significance of the Moscow agreements. Statements of the variety— "Need to determine the status of the Caspian in the interests of all states in the region" can in no way be seen

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as questioning the legality of the "contract of the century" signed in Azerbaijan. And Boris Nikolayevich's argument appears all the more absurd—to the effect that the Caspian is supposedly "an internal sea" and that all of its wealth should be "divided evenly," calling to mind quite frankly the desire, as seen before, to "clip coupons" from the riches of the "republics." The status of a reservoir is determined by its geographical position, but in no way by the number of states along its shore. The Caspian could be acknowledged a "sea" only in the event that it was one prior to the collapse of the USSR.

Let us return to the facts. The report somehow leaked out to the press that in 1975 the USSR Oil Industry Ministry had divided the entire Soviet portion of the Caspian into sectors. In each sector, oil administrations of the appropriate republics carried out the oil production. It is on the basis of this departmental document that Azerbaijan determined its zone of Caspian shelf. Now, of course, one can try, if one so desires, to dispute the legality of that document based on its departmental origin, but not on diplomatic origin. If the USSR Oil Industry Ministry apportioned this zone among its subordinates, then as of that moment it was in fact Soviet. In other words, the Caspian was considered a lake.

One more example. Everyone who was involved to one degree or another in oil exploitation on the coastal shelf had to hear about the famous off-shore deposits at "Neftyanyye Kamni."

But this oil field is located outside the 12-mile zone of territorial waters. And since at the outset of its construction, no one asked Iran's consent to begin the production of oil in this zone of the Caspian, even at that time—in 1949—the Caspian was a lake.

Now for a little geology. Back during the Soviet period, it was planned to exploit the oil fields at Neftyanyye Kamni in the central portion of the Apsheronskiy Sill, near the border with Turkmenistan. Since oil extraction was already under way at the eastern extremity of Apsheronskiy Sill, at Cape Cheleken, one need not be a geology genius to predict the presence of oil on the Turkmen section of the Caspian shelf as well. Consequently, Yeltsin's statement concerning the status of the Caspian runs contrary not only to Azerbaijan's interests, but to Turkmenistan's as well. What was guiding Salarmurat Turkmenbashi's thinking when he signed such an "unambiguous" document?

It would be logical to assume that this matter centers entirely around the internal political environment in Turkmenistan. It is the absence of democracy and virtually unlimited personal power of Turkmenbashi that comprise the chief obstacles in the path of Turkmenistan's integration into the world political and economic system. And it is entirely likely that the pressure on Turkmenbashi came from here—in any case, the inclusion in the package of signed agreements of measures regulating the rights of "Russian-speaking people" provides eloquent testimony to the presence in Russia's hands of an "individual rights" lever. In a totalitarian regime (and this is precisely what exists in Turkmenistan), it is difficult to guarantee the absence of encroachment upon anyone's rights, especially on the basis of ethnic or religious affiliation, including representatives of the Slavic population—the so-called Russian-speaking people.

Russia's rapprochement with Iran is a far more likely reason for such a sharp "course change," however. Turkmenistan's geographic position from the point of view of integration into "Western" economic and political structures is extremely inconvenient. Whereas Azerbaijan retains the capability of establishing overland communications with one representative of the Western world—Turkey, across Georgian territory or using Nakhichevan, Turkmenistan has only one path of egress to the West skirting Russia—by sea to Azerbaijan, then continuing across Georgia or through Iranian territory to Nakhichevan, and finally—into Turkey. Excluding CIS member states, Turkmenistan borders only on Iran and Afghanistan. Since the territory of Afghanistan, which has a great many weapons and few roads, cannot serve as a suitable transportation "corridor" for Turkmenistan for understandable reasons, only Iran remains at Ashgabat's disposal. Or its CIS partners, including Russia. Thus, following the nuclear deal that constituted such an open demonstration of friendship between Moscow and Teheran, Turkmenistan simply finds itself caught in geopolitical "tongs."

Then too, discussion of the threat of "Islamization of the region" were hardly accidental, nor were allusions to Turkmenbashi's great prestige in Iran, Afghanistan, and Tajikistan. The shifting of negotiations to Kabul, like the personal participation in them of Emomali Rakhmonov, provides eloquent testimony to the fact that affairs of Russia and its proteges in Tajikistan are proceeding worse than they would like, if Rakhmonov's statements of the variety—"I will not sit down at the negotiating table with people who have suffered defeat in a struggle for power"—are replaced by his personal participation in negotiations with opposition leaders—traveling in Afghanistan, no less. Nor can Turkmenbashi fail to understand this threat—Turkmenistan and Afghanistan are contiguous countries, and border incidents have already been reported. And there is a solid Turkmen diaspora in Afghanistan. Since everybody in this state possesses weapons and there has been no fear of employing them during 16 years of war, one can expect any surprise on the part of Afghanistan. Then too, one

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can only guess what Russia is capable of undertaking in Afghanistan, utilizing the old personal ties of its officers with the local populace.

But are all these threats comparable to what Turkmenistan loses in the event that it effects such a sharp reorientation? We will not argue about what was discussed at the negotiations—the destiny of all Turkmenistan or the personal situation of Turkmenbashi. It is possible that in striving to attain independence, Turkmenistan simply decided "not to anger" Russia, for whom things are not going all that splendidly. It could just sign, for the time being, and implement when such would become necessary. We will not discuss the moral aspects of these steps, or the image of a state that alters its policy so sharply. Biologists have long since known that a bear that has never encountered a human being will never attack one. But having once received food from a person's hand, it begins to demand this by force. Such a bear is usually destroyed. But only after tragedy has occurred.

Experts, Diplomats Meet To Discuss Caspian

95WN0175A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 May 95 p 2

[Article by Aleksandr Tarakov: "What Will the Caspian Be: A Sea of Peace or a Lake of Contention? Last Week Experts and Diplomats Exchanged Opinions on This Score"]

[FBIS Translated Text] Remember Chekhov's teacher who loved to utter truisms of the "Horses eat hay" and "The Volga flows into the Caspian" type? That horses eat hay has remained an axiom, but the second banality is today greatly in question inasmuch as there looms over the Caspian the quite substantial alternative of it "becoming" a lake.

Everything was relatively simple when the Caspian had two owners—Russia (the USSR) and Persia (Iran). The Russian Federation and Persia signed the first treaty in 1921, and the next was "dictated" to Iran by the USSR in 1940. And it became even "simpler" since Iran was prohibited from having a navy and was ordered to do its fishing exclusively in the southern part of the sea. The red flag essentially dominated the Caspian.

But with the disintegration of the Soviet Union and the formation of new independent states there has been a fundamental change in the situation: Five states—the Russian Federation, the Islamic Republic of Iran, Kazakhstan, Azerbaijan, and Turkmenia—are now participating in the "division" of the Caspian. The negotiating process is experiencing delays and is moving "creakingly," what is more: The politicians and diplomats are frequently slowing things down or putting forward many conditions, lest they miscalculate. While everything is in the process of settling, the countries are using the Caspian "as they see fit." Too many cooks spoiling the broth.

This is disturbing. Especially since the smell of oil, reserves of which in the coastal zones and on the shelf are on a par with the wealth of the Persian Gulf, is intermingled with the arguments surrounding the Caspian, which is giving rise to perfectly justified apprehension of the environmental services and the nature- conservation movements. Under the pressure of oil companies, will the sea not become a sulfuretted hydrogen bomb? Will it continue to be a sturgeon preserve? Or is it destined to become a bone of contention with all the ensuing consequences?

Against the background of all the peripeteias concerning the status and future of the "little Mediterranean" the initiative of three research centers—the Kazakhstan Strategic Studies Institute in the Office of the President of the Republic of Kazakhstan (KISI), the Political and International Studies Institute of the Islamic Republic of Iran, and the Russian Strategic and International Studies Center—on the organization in Almaty of the "Legal Status of the Caspian and Problems and Prospects of Cooperation of the Caspian States" international scientific-practical conference was a good sign. It was supported by the Ministry of Foreign Affairs and the Cabinet of Ministers of the Republic of Kazakhstan. It is indicative that Kazakhstan officially accorded this scientific forum great significance. As instructed by the leadership of the republic, N. Danenov, first deputy minister of foreign affairs, opening the conference, read out greetings from Prime Minister A. Kazhegeldin. V. Alesin and V. Gizzatov, deputy ministers of foreign affairs, and the leaders of a number of ministries and departments, the Ministry of Oil and Gas Industry, and the Kazakhstankaspiyshelf and the Munaygaz state company and international consortium, which rendered the conference considerable sponsorship, took part in it.

Now, after the event, it may be maintained that it did not boil down to a scientific debate and was productive even from the practical viewpoint. KISI Director U. Kasenov tried to persuade our correspondent of this in summing up the conference.

[Tarakov] Umirserik Tuleshovich, before speaking about the status of the Caspian, let us examine the status of the conference that has just been held. A scientific-practical conference, but deputy ministers of foreign affairs of Azerbaijan, Iran, and the Russian Federation were there. Only the Turkmen, who did not come to Almaty altogether, did not announce

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participants of such a level. I would say that what we had was a scientific-diplomatic conference.

[Kasenov] Yes, this, perhaps, was the distinguishing feature of the conference. A certain synthesis of the meeting of experts and diplomats resulted. When experts meet, the path from scientific recommendations to execution is usually long and tortuous. When diplomats meet at a roundtable, constraint in the form of the expression of official positions is inevitable: The burden of responsibility is great. A mixed version of representation affords an opportunity for the parties to be heard at a semi-official level, as it were.

[Tarakov] This is how I see it: The scientists "add the fuel to the fire," the diplomats turn down the heat.

[Kasenov] There were such moments. The tone of the statements of the scientists and representatives of the foreign policy departments did not always coincide, in any event. But this is normal since it is not a question of fundamental differences but of a search for compromise.

There were within the framework of the conference, incidentally, consultations of the deputy ministers which ended very productively: A decision on the creation of a permanent working group for the formulation of a five-party treaty to replace the outdated one was adopted. The first meeting will take place in Tehran. Meetings will subsequently be held in Almaty and the other capitals. The next step is a meeting of deputy ministers of foreign affairs, then, a meeting of the ministers.

Thus the problems in connection with the determination of the legal status of the Caspian will be analyzed consistently, as the degree of competence and responsibility grows. And the main result of the conference is that a mechanism of the adoption of a decision on the legal status was formulated. It will itself be officialized in the form of a convention, as Kazakhstan proposed 18 months ago, or an agreement on the regional cooperation of the Caspian states or in some other way.

[Tarakov] The mechanism is clear enough, but without consensus it will not be "engaged." Will mutual understanding be achieved among the parties, have more precise positions on their part been determined?

[Kasenov] The representatives of Iran, for example, said, in effect, that, although not consummate, no one had canceled the previous two treaties—the Russo-Iranian treaty of 1921 and the Soviet-Iranian treaty of 1940—and that it made sense to adhere to them until new agreements had been adopted. It is hard to agree with this formulation of the issue. First, it excludes Kazakhstan, Azerbaijan, and Turkmenistan. Second, it does not even mention the word "oil"—the region's most important raw material. Or "environment," which had become a problem in the postwar years even.

On the subject of the argument as to what the Caspian is—a sea or a lake—some explanations are in order. According to the UN Law of the Sea Convention, marine status presupposes the delimitation and demarcation of borders, the establishment of a 12-mile coastal zone, and the allocation of exclusive economic zones. In each such zone the host state acts in sovereign and free manner, as it deems fit. The ascription of the Caspian to lakes, on the other hand, to common bodies of water, that is, would be regulated by the condominium principle—joint use on a priority basis, where any decision must be unanimous.

Russia, in turn, intends to insist on a condominium and finds the division into national sectors invalid. This is understandable: With any other solution, its former influence in the oil-bearing region would be reduced to nothing.

Azerbaijan will "vote" for a sea. Here's a material detail: Two of this country's three promising new oil fields are within the 12- mile zone. But if the Caspian is deemed a lake, it would have to share, not sell, the raw material.

Kazakhstan has many "personal" interests on the shelf also.

It is believed that Iran will, in time, join the "sea" bloc. As far as Russia is concerned, its experts, seeing at the conference the concerted obduracy of Azerbaijan and Kazakhstan, became more flexible toward the end of the conference and allowed that the Caspian could be considered an inland sea.

This was followed by a hint to the Russians of the need for the Volga-Don Canal—an artificial water artery linking the Caspian with the oceans—to be deemed an international water artery of the Danube type, such as it is for a number of riverside European states. The Volga-Don is "sovereign," it is the property of Russia and its internal water artery—the specialists from Russia countered. Why should Russia assume extra obligations?

[Tarakov] There are many "reefs" and "underwater currents" in the Caspian, apparently. Nonetheless, into what will the Caspian flow, in your opinion?

[Kasenov] For all that, into the sea, I believe. For Azerbaijan, Kazakhstan, and Turkmenistan oil is fact No. 1 and the basis of their future well-being and prosperity, and division cannot be avoided. Even if we take as the basis such criteria as salinity and biological resources, the Caspian conforms entirely to marine standards. Finally, the following argument was heard

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from one scientist: "What kind of lake is it if seals swim in it?!" Fair enough.

Lawyers Confer on Caspian Shelf Division

954F2405A Moscow ROSSIYSKAYA GAZETA in Russian 26 May 95 p 6

[Report by ROSSIYSKAYA GAZETA staff correspondent Yuriy Kiritsianov: "The Five Became Four: Lawyers' Seminar on the Problem of the Caspian Shelf Division Has Wrapped Up Its Work"]

[FBIS Translated Text] Almaty—The results of the conference turned out to be very modest. Let me remind our readers that a convention on the legal status of the Caspian Sea (its draft had been submitted by Kazakhstan for the consideration of the Caspian states as far as nine months ago) still has not been adopted. The conference participants came to the conclusion that it is necessary to set up a permanent working group of scholars, political science specialists, and diplomats, which would gradually bring closer the Caspian states' positions. Actually, only four of them were represented at the conference: Azerbaijan, Iran, Kazakhstan, and Russia. The sovereign Turkmenistan declined participation in the meeting. The conference participants, however, generously decided to send all materials to Ashgabat, as well as to make an all-out effort to avoid having the next meeting (which most likely will be held in Tehran) truncated....

Overall, however, more than 60 broad-range specialists took part in the conference. Because of the well-known divergence of opinions regarding the future of the Caspian, however, instead of a dialog the result was a sum of monologues on the prescribed topic. Nevertheless, in the opinion of Nurlan Dakenov, Kazakhstani first deputy minister of foreign affairs, it was important to clarify approaches to the problem. The Kazakhstani side believes (and practically all agree with it) that the starting point should be the definition of the Caspian's legal status. Roughly, the following scheme is emerging: First let the experts "slug it out."

Concrete dates of future meetings currently are not being named; it is clear, however, that it will not be possible to stall the problem for long—the time to divide the oil pie has come. As expected, the main divergence of viewpoints manifested itself with respect to an apparently purely geographic notion: What is the Caspian—an inland sea or a lake? Behind the geographic terminology, however, are quite concrete economic interests. Recognizing the Caspian as a sea allows for the resolution in a more flexible and comprehensive way of the questions of navigation, fishing, and environmental protection. And, of course, oil production. Essentially, it boils down to forming, as Russia proposes, a condominium, that is, joint ownership of the communal wealth. If the Caspian is to be called a lake, however, it should be divided into sectors, and each country will conduct its business independently the way it sees fit.

Iran stands apart in this. Abbas Maleki, head of the delegation and IRI [Islamic Republic of Iran] deputy minister, politely listened to all arguments and preferred not to advertise his own. In any case, as long as the status of the Caspian is not determined, say the Iranians, we should strictly adhere to the treaty signed between the still-Soviet Russia and Iran in 1991, as well as to subsequent agreements in this sphere. It is hard to object to this; however, the agreements of past years dealt mainly with navigation and fishing and, naturally, contained no mention of oil exploration in the Caspian shelf. By the way, observers noted that the planned Kazakhstani-Iranian meeting did not take place. The IRI delegation departed for Teheran, apparently having decided to discuss all the fine points in a home environment. This decision was met with understanding in Almaty, considering the complex nature of the subject under discussion. At the same time, the conference hosts kept emphasizing at all levels that Kazakhstan is on the verge of an oil boom and would rather not fall out of the world legal space.

By the way, without waiting for a massive offensive on the Caspian shelf, Iran hinted unequivocally that oil transportation could be boosted even before a pipeline was built along the shelf of the sea-lake. The Iranians are willing to accept crude in northern Iranian ports and issue the same quantity of raw material to Caspian countries' clients in the Persian Gulf, which has access to the world ocean. This is a tempting option, but hard to implement: American capital already has penetrated deeply the Caspian states' economy, and Washington's attitude toward Teheran is known all too well....

International Entrepreneurs Congress Held

MM3105100395 Moscow RABOCHAYA TRIBUNA in Russian 26 May 95 p 2

[Report by Russian Union of Industrialists and Entrepreneurs Press Service: "Assembly Did Not Accept A. Volskiy's Resignation"]

[FBIS Translated Text] An assembly of the International Congress of Industrialists and Entrepreneurs has been held in the Capital of the Republic of Moldova, Chisinau. Taking part in its work were leaders of the Union of Industrialists of 23 countries — all the CIS and Baltic states, the East European countries and former CEMA members and also the PRC, Yugoslavia, and Croatia.

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Before its start there was a one on one talk between Mircea Snegur, president of the Republic Moldova, and Arkadiy Volskiy, president of the Russian Union of Industrialists and Entrepreneurs.

The participants in the assembly heard a speech by m. Snegur, discussed the report on the results of the activity of this international nongovernmental economic organization in 1993-1995, and examined questions of the restoration and consolidation of the economic ties of the International Congress of Industrialists and Entrepreneurs members and ways of enhancing the effectiveness of market reforms.

As we know, the functions of coordinator of the International Congress of Industrialists and Entrepreneurs have been fulfilled for two years now by the Russian Union of Industrialists and entrepreneurs and its president A. Volskiy. He suggested to the assembly's participants that they consider these functions to have been completed and that they be assigned for the next two-year period to the union of industrialists of another country, recommending in particular Ukraine or the PRC.

But the assembly did not support that proposal and unanimously extended the powers of the Russian Union of Industrialists and Entrepreneurs, reconfirming its president as chairman and coordinator of the International Congress of Industrialists and Entrepreneurs.

It is planned to hold the next International Congress of Industrialists and Entrepreneurs assembly at the end of the year in the Kyrgyzstan capital of Bishkek.

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ITAR-TASS Carries Press Review for 2 Jun

LD0206080795 Moscow ITAR-TASS in English 0640 GMT 2 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 2 (Itar-Tass) — The Sakhalin earthquake remains the principal topic in today's Moscow-based newspapers.

IZVESTIYA believes that "a tragedy similar to that which befell Neftegorsk may recur anywhere on Sakhalin and Kamchatka. It can hardly regarded a secret now that seismologists anticipate the possibility of a strong earthquake in the area of Petropavlovsk-Kamchatskiy in autumn this year."

"Time will show whether the forecast will come true or not. But already now one should, first of all find, funds for the restoration of all seismic stations in the region and launch active operations to consolidate buildings and make them quake-resistant. [no end quote as received]

The newspaper points out that until the end of the 1960s builders use to design and construct houses here with an eye to 7.5-point earthquakes, whereas scientists' maps mark out the eastern coast of the Kamchatka peninsula as for long being amid an eight-point quake-prone area.

ROSSIYSKIYE VESTI carries an article by its special correspondent who reports that a new earthquake focus was discovered on Northern Sakhalin on Thursday.

"Air pilots of the Ministry for Emergency Situations spotted a fiery fissure 50 km north of Neftegorsk and 40 km south-west of the District Centre of Okha.

"It is impossible to determine the magnitude of earth jolts on the spot at Okha district since seismic stations in Northern Sakhalin have long been closed. Meanwhile aftershocks continue to rock the area in various places. Wooded tundra is on fire on an area of three kilometers. Luckily, there is no housing there. It is not ruled out that flame blazed out due to ruptures in the oil and gas pipelines running across the area".

The newspaper also draws attention to the fact that "no one takes care of quake survivors (of whom there are about 700) in Okha district in real earnest".

KRASNAYA ZVEZDA (Red Star) reports that the Russian Defence Ministry renders active assistance to Sakhalin quake victims.

"The Defence Ministry has assigned specialists from combat engineer troops, from radiation, chemical and biological defence troops, 40 aircraft, 20 helicopters, tens of various machines, and means of communications for rescue operations", the newspaper writes.

ROSSIYSKAYA GAZETA carries an interview with State Duma Speaker Ivan Rybkin. Touching upon the presidential election issue, Rybkin said he does visualise himself among possible presidential candidates but is preparing for elections to the State Duma.

"Next presidential election is still far off. Boris Yeltsin is the incumbent President. It is at least untactful to speak about that," Rybkin said. His opinion is that still "there is no leader of national standing who could supersede the President".

IZVESTIYA continues to discuss the subject which it raised at the beginning of the week, that of "struggle against food import".

"If Russia gives up the import of food, large cities will experience food shortages," the newspaper points out.

"Even in the best periods for Moscow in Soviet times, when the entire country directively worked to send supplies to the capital, Russia could meet only one third of its food requirements. Another third was covered by the Union Republics and yet another third by imports".

The newspaper believes that "this entire uproar over the import of food is a major gambling which may seriously impair the provision of the Russian population with food".

ROSSIYSKAYA GAZETA is of the opinion that "the orientation towards imported food costs the Muscovites dearly. A rise in import tariffs on food will affect everyone. Food prices will go up. It seems that this is yet another attempt by the government to resolve the problems that have piled up as a result of a prolonged import of cheaper food".

KOMSOMOLSKAYA PRAVDA on the same subject:

"The share of import in the provision of large cities with food now fluctuates from 50 to 75 per cent.

"When customs duties on imported food will increase, large cities will become price-hiking centres and, as a result, there will be yet another inflation spiral this summer".

Newspapers report the appointment of Itar-Tass Director-General Vitaly Ignatenko as Russia's Vice Premier who will be in charge of media affairs. Newspapers point out that "a redistribution of duties among the Vice-Premiers will be effected inside the Cabinet in this connection".

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Kozyrev Welcomes U.S. Role in Bosnia Peacekeeping

LD0106182495 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] THE HAGUE, June 1 (INTERFAX) — Russia welcomes U.S. participation in the peacekeeping operation in Bosnia, Russian Foreign Minister Andrey Kozyrev told Russian reporters in The Hague on Thursday. He was commenting on the statement by U.S. President Bill Clinton on Washington's readiness to send troops to Bosnia "to help the allies".

"Russia, France, Britain, other countries have their peacekeepers in Bosnia. The involvement of the United States and other countries in the U.N. operation would be useful in this connection," said Kozyrev.

He said that "Russia is concerned about talk on possibly sending forces outside the U.N. operation to Bosnia." "This is dangerous, in as in Bosnia there are not two but more conflicting sides. If someone else appears there also willing to fight, this could create additional difficulties," said the minister.

He emphasized that NATO had assured Russia that it had no plans to act "contrary to the United Nations or to by-pass it" in Bosnia.

According to Kozyrev, "NATO air strikes on Bosnian Serb positions have not justified themselves, and they may have even proved counterproductive."

Kozyrev said that at the conference of Contact Group member-country foreign ministers in The Hague this week, Russia had expected "more" in terms of sanctions against Belgrade.

"But politics is the art of the possible and we should preserve the unity among great powers," said Kozyrev. "If great powers get sucked into verbal battles, the conflict in former Yugoslavia will not gain an earlier resolution from this."

"In addition, such differences would detonate greater differences in Europe. We should avoid this," said the Minister.

Kozyrev: 'No Military Alternative' in Bosnia

LD0106203795 Moscow INTERFAX in English 1752 GMT 1 Jun 95

[FBIS Transcribed Text] THE HAGUE, June 1 (INTERFAX) — Russia welcomes U.S. participation in the peacekeeping operation in Bosnia, Russian Foreign Minister Andrey Kozyrev told Russian reporters in The Hague on Thursday. He was commenting on the statement by U.S. President Bill Clinton on Washington's readiness to send troops to Bosnia "to help the allies".

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"In addition, such differences would detonate greater differences in Europe. We should avoid this," said the Minister.

"The convening of the contact group at the level of foreign ministers marks a change from use of force to political tools of resolving the Bosnian conflict. This will not be easy but there is no military alternative to a political dialog," Kozyrev emphasized.

He chose not to say whether he intends to visit Belgrade shortly. "We have a continuous dialog with Belgrade and President Slobodan Milosevic," Kozyrev said.

He said that the contact group in the Hague did right by placing the emphasis on political methods rather than on withdrawal of UN troops or their replacement by some other force. On the contrary, a decision was made to consolidate this force in the framework of the UN mandate.

He said that Russia called on other members of the contact group "to work with the Moslems who, as a rule, provoke Bosnian Serbs and the Serbs over-react. The Moslems should understand that no useful purpose is served by provoking their opponents."

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U.S. Policy in Bosnia Derided for 'Provinciality'

MM0206092895 Moscow PRAVDA in Russian 1 Jun 95 p 3

[Report by Pavel Bogomolov: "Ashamed and Making Themselves Scarce!"]

[FBIS Translated Text] London — "No decision has been made on sending American troops to Bosnia, or on their participation in hostilities there," U.S. National Security Adviser Anthony Lake has stated. In other words, although 2,000 Marines flying the Stars and Stripes have been shipped out to the Adriatic, nobody plans as yet to send them directly into the Balkan cauldron. And that is not surprising: Having finally gotten entangled in his anti-Serb policy, the White House incumbent avoided even turning up for the "Bosnia" planning meeting of his leading ministers that was held in his own backyard (at the White House itself).

How come? After all, the whole world knows that none other than Washington is to blame for the current crisis over the fate of the hostage "blue helmets." Even the most loyal West European leaders are openly rebuking the Americans over this. And rightly so — the United States literally twisted the UN secretary general's arm to get him to ask NATO to carry out against the Serbs the massive air strikes that are the proximate cause of this whole "kettle of fish." But why worry about criticism from the Old World, when on the Potomac itself Senator Bill Bradley admits with a sigh that "We used force without any political purpose."

You see, the Americans can bomb people to their hearts' content. But what about taking responsibility for your actions and doing the honorable, comradely thing of sending troops of your own to help the allies in the unpredictable Balkan labyrinth? No, they avoid doing that. As justification, the transatlantic politicians and Pentagon generals state that they still run up against the notorious "Vietnam syndrome." Put simply, there is a fear that it would be easy to get embroiled in a drama thousands of miles from home, but very much harder to get out of it.

A brilliant insight, unquestionably. But in that case why provoke and launch bombing raids that show off not only your muscle, but also your truly cowpoke provinciality...?

Kozyrev Welcomes Contact Group Decisions on Bosnia

LD0106223295 Moscow Russian Public Television First Channel Network in Russian 2055 GMT 1 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] The Russian foreign minister and the Netherlands prime minister discussed the joint communique adopted today by the NATO Council, which speaks of the need to resolve all conflicts — including the Bosnian one — by peaceful means. [video shows Foreign Minister Andrey Kozyrev meeting Netherlands prime minister]

Under Russian pressure, the NATO Council has given up large-scale military operations in the former Yugoslavia, which go beyond the work of the international UN forces, and has decided to increase the contingent of blue helmets and do everything possible to get the release of the 378 hostages held captive by the Bosnian Serbs.

[Begin Kozyrev recording] I think that by convening the Contact Group we have at least managed to turn the main thinking away from military methods, including air strikes, which in our view have not proved justified and have perhaps even been counter-productive, and toward the search for political solutions. It is important that the Contact Group has jointly come out in favor of continuing the dialogue with Belgrade and with President Milosevic, and it has now clearly indicated the need to draft a resolution on easing the sanctions regime. [end recording]

[Correspondent] Many European politicians are now speaking of the need to step up the work of the international tribunal in The Hague, which has accused 22 persons — including Bosnian Serb leaders — of committing war crimes in the republics of the former Yugoslavia.

Foreign Ministry Spokesman Cited on Bosnia

UNPROFOR 'Must Not Wage War'

LD0106193395 Moscow INTERFAX in English 1838 GMT 1 Jun 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Russia agrees with the statement of the UN Secretary General Butrus Butrus-Ghali that the UNPROFOR (UN Protection Forces) "are not ready to and must not wage war in Bosnia," the Russian Foreign Ministry's Spokesman Grigoriy Karasin told a briefing in Moscow today.

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He said the UNPROFOR was "not an army sent to fight with one of the parties to the Bosnian conflict."

Karasin said that the UN forces remaining in Bosnia and their reinforcements "must work for a political settlement and an end to the escalation of violence."

He said the UN secretary general's report of May 31 analyzing the peacekeeping operation in ex-Yugoslavia was specially important for settlement in Bosnia.

"Moscow agrees with the UN secretary general that the situation of the UN forces has become even more complicated because of the unreadiness of both Bosnian parties to realize that they will manage to reach their goals more successfully by talks that by fighting," Karasin said.

He said Russia shared the concern of the UN secretary general over the low efficiency of political efforts for settlement in Bosnia.

Karasin said the lack of progress in talks made nearly useless the activity of servicemen of many countries risking their lives in Bosnia in order to decrease military confrontation.

Karasin told journalists that Moscow was not yet going to raise the issue of withdrawing its servicemen from Bosnia.

At the same time, he said everything would depend on further developments.

Political Efforts Termed 'Worrying'

LD0106211695 Moscow ITAR-TASS World Service in Russian 1924 GMT 1 Jun 95

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Translated Text] Moscow, 1 Jun (ITAR-TASS)—The prestige and potential of the UN blue helmets as an impartial force, acting for peace and not for war in Bosnia-Herzegovina, should be strengthened. Keeping UN forces in Bosnia and strengthening their potential should facilitate the quest for a political settlement and the protection of human lives and help to halt the escalation of violence. This was stated today by Grigoriy Karasin, director of the Russian Foreign Ministry's press and information department. He drew journalists' attention to the UN secretary general's report that analyzes peacekeeping operations in former Yugoslavia.

In the view of the Foreign Ministry's official spokesman, the report is particularly important for the prospects of a settlement. It is "realistic and directed at ensuring that the international peacekeeping forces are able to play a more effective role in achieving a settlement in Bosnia-Herzegovina."

The Russian Foreign Ministry view coincides with that of UN secretary general that UNPROFOR [UN Protection Force] is not ready and should not be conducting war in Bosnia, the diplomat said, since it has not been sent to the Bosnian conflict area to fight on anyone's side. The status of the UN forces is aggravated by the fact that the two sides are not prepared to recognize the fact that they could achieve their goals at the negotiating table but not on the battle field.

Karasin said that the low efficiency of the political efforts aimed at solving the conflict is also worrying. The lack of progress at the negotiating process substantially undermines the great job done by the servicemen from many countries, who are risking their lives by trying to lower the temperature of the armed confrontation in Bosnia.

Speaking about the security of UN personnel, the diplomat said, that the Russian side will not accept the seizure by Bosnian Serbs of a large number of peacemakers as hostages. "We resolutely denounce this practice, no matter by whom it is done," he said.

The Foreign Ministry's official representative said that it will thoroughly study Butrus Butrus-Ghali's proposal on considering other political initiatives aimed at settling the situation in former Yugoslavia.

Foreign Ministry's Karasin on Ties With NATO

MM0206092995 Moscow ROSSIYSKIYE VESTI in Russian 2 Jun 95 p 6

[Article by Russian Foreign Ministry spokesman Grigoriy Karasin followed by editorial commentary: "A Natural and Necessary Step" — last two paragraphs are editorial commentary]

[FBIS Translated Text] An individual program for Russian-NATO partnership and a separate joint document entitled "Spheres for Broad, In-Depth Dialogue and Cooperation Between Russia and NATO" have been enacted since 31 May. This happened ahead of the latest North Atlantic Cooperation Council session in Noordwijk during a meeting between the heads of the 16 alliance countries' diplomatic departments and our Foreign Minister Andrey Kozyrev. Henceforth the mechanism of regular "16 plus one" meetings and consultations will be used to discuss matters of mutual interest.

How did these documents emerge, what is their significance, how was such an important decision adopted? I must be brief in responding to these questions if only to correctly comprehend the point of what is going on.

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Let me point out straightway that this is by no means a simple problem for Russia since it directly affects the sphere of the country's national security. Therefore it has been discussed on a national scale by broad public and political circles and has been coordinated by various departments including the Foreign and Defense Ministries. It then reached the level of the Russian Federation Security Council and the president. Only after this careful in-depth study was it decided to approve the two documents. Note that no provision was made for their signing, they came to life following a bilateral announcement of their enactment.

What do they represent, what do they contain. This is not an agreement, not a treaty in the usual sense of the word where the sides mutually pledge to perform the commitments enshrined therein. It is a list of basic intentions and possible actions, which form an organic part of the tapestry of cooperation and consultations on pressing problems of security. It represents a kind of "menu" for cooperation from which Russia and NATO will by mutual agreement select specific spheres and forms at various times.

Russia's participation in implementing the partnership program is a necessary, natural step, which stands to benefit us. We regard our dialogue with NATO as an important component in the building of pan-European security structures.

Nonetheless problems remain. Primarily the talk regarding the possibility of NATO expansion. Our position here is principled and unchanged. Moscow is still convinced that its relations with the North Atlantic alliance must be based on present-day realities and partnership, the principles of which are formulated in the documents that we have approved. We must allow the adopted program to work and see in a few years how it is operating and what its results are. Then the current contentious issue will be cleared up for Europe and the world.

But there is no need now to run before you can walk and fuss about trying to expand the alliance by incorporating in it the states of Eastern and Central Europe. That would contravene Russia's national interests and generate in us a sense of concern and in our public a sense of instability on our state's borders. I would like European strategists to realize that if NATO does nonetheless start to expand, they too will soon have a sense of concern and lack of security on the continent. Yet the European and world publics are assured that all this is being done precisely in order to strengthen European stability and security. But stability in some countries cannot be secured at the expense of others. That does not happen. There can only be one result in that situation: No one, neither side, will be able to feel secure.

I can say most definitely that if the plan to increase the number of alliance participants begins to be implemented, that will place Russia in a totally different situation. Then adjustments in our attitude to the partnership program cannot be ruled out.

There has been some speculation in certain Western capitals regarding this clear-cut Russian stance as to Russia allegedly wanting to secure the right of veto over a particular country's joining NATO. Nothing could be further from the truth,, We do not claim any exclusive right to tell other states what they should do. We are only concerned for our national interests and our own security. And no one has a right to ban us from thinking about how to ensure it. Some people seem to want to impose a veto on our concern at how to preserve the inviolability of Russian sovereignty and provide Russian citizens with a peaceful life. We cannot agree to that.

From the Editorial Office

We would like to draw readers' attention to the clear indication provided by the author of this article regarding the preparations for Russia's announcement of its accession to the partnership program. There was a collective discussion, in which many departments took part, among them, needless to say, the Foreign and Defense Ministries. It is necessary to underline this fact because Russia and the United States have not as yet had time to announce the entry into force of the two documents and some political observers in our country, instead of seriously analyzing this unique international act, have rushed to reduce its significance to a make-believe "struggle" between its supporters and opponents, in particular, to an attempt to cause a clash between the foreign- policy and military departments. They seem to have been informed — since they pass themselves off as experts — of the close joint work conducted by these and other ministries and organizations, of the well-oiled mechanism for coordinating various issues, and the normal cooperation between them. Nonetheless they have not balked at indulging in cheap fabrications and presenting them in a cheap style.

We would not like to believe that the authors of such articles are deliberately distorting the obvious facts. Someone else may be misleading them and using their writings for their own limited interests, which do not coincide with the country's national interests: It is after all a question of such serious matters as our security. At any rate these attempts seem extremely unappealing.

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Kozyrev on Normalizing Relations With NATO

LD0106164395 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] THE HAGUE, June 1 (INTERFAX) — Putting into effect on Wednesday the individual partnership program "Russia-NATO", Russia has "found the formula to normalize relations with the North Atlantic Alliance," Russian Foreign Minister Andrey Kozyrev told INTERFAX on Thursday in The Hague.

According to him, "as a result, the question of NATO expansion to the East becomes no longer as acute and political and is no longer on the agenda."

The Minister said that the question on the Alliance's expansion "will be discussed among other routine issues at the level of experts."

Kozyrev believes that the main task now is "to work out a formula for European security, in which NATO will be only one of many elements."

"Also importantly, the question will be raised at the supreme political level. It will be discussed in June in Halifax (Canada) by the Russian and U.S. presidents, Boris Yeltsin and Bill Clinton," said the Minister.

He said that the Russian and U.S. leaders will continue discussing the problem at the U.N. general Assembly session in New York in the autumn of 1995."

Deputy Says Duma Needs To Ratify NATO Accord

LD0106174995 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — All the agreements on Russia joining NATO's Partnership for Peace program have to be ratified by the Russian parliament, Viktor Ilyukhin, Communist, chairman of the State Duma Security Commission, told INTERFAX Thursday.

He said that the program stands little chance of being approved by the State Duma. "I generally oppose such treaties and maintenance of military blocs," Ilyukhin emphasized. He believed that Russia should try to make a better use of other international organizations such as the UN and OSCE [Organization for Security and Confidence in Europe] while joining NATO is undesirable.

In his view, the signatories of the Belaya Vezha agreements on the setting up of the CIS should have agreed back in 1991 that, for their own good, none of the former USSR republics should join any military bloc.

The documents that Russia endorsed at the NATO Council Meeting in Noordwijk, the Netherlands, Wednesday need not be ratified, constitutionally or legally or by the international law, a highly placed official specializing on Russia-NATO relations in the Russian Foreign Ministry told INTERFAX Thursday.

He said that neither document, an individual program of partnership between Russia and NATO and Areas of a Broad Profound Dialog and Cooperation between Russia and NATO, have not been signed, are not agreements and so need no ratification by parliament.

In his words, the partnership program is essentially a working plan, or a list of bilateral and multilateral steps, in particular those to be taken by defense ministries.

The official explained that the document covered various spheres such as involvement in peacekeeping operations and joint maneuvers and cooperation in arms control and settlement of crises.

The other document, he said, is a kind of protocol or memorandum on consultations and exchange of information between Russia and NATO on issues of mutual interest.

In his words, under the document the two sides will disclose their military budgets to each other, will consult on nonproliferation of weapons of mass destruction and on prevention of nuclear smuggling.

The official believed that these documents did not come as a surprise to MPs. He said that the Foreign Ministry had various experts, including members of parliament committees, work on drafting the documents.

Resistance to NATO Expansion 'Has Had No Effect'

MM0206091495 Moscow PRAVDA in Russian 1 Jun 95 p 3

[Report by Vladimir Peresada: "No Hint of 'Brussels December' in Noordwijk"]

[FBIS Translated Text] Brussels, 31 May — The Dutch town of Noordwijk has been the venue for traditional NATO political events - - a NATO Council session with foreign ministers from 16 alliance countries was held there yesterday, and today they will be in joint session with colleagues from partner states in the North Atlantic Cooperation Council and the "Partnership for Peace" program.

Alongside Bosnia the key issues will include the question of the relationship between NATO and Russia. This time, unlike last December's session in Brussels, the

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alliance countries did not need to fear any "nasty surprises" from Moscow. On the contrary, according to one NATO diplomat, Russian Federation Foreign Minister A. Kozyrev, present in Noordwijk, "brought in his briefcase instructions from President Yeltsin to clear away the obstacles of December."

I would recall that back then, six months ago, Kozyrev had announced a refusal to accept documents that had already been drawn up fleshing out the relationship between Russia and NATO — individual cooperation programs (mainly in the military sphere) and a kind of declaration envisaging a regular political dialogue between them. At the last minute he said that the Russian side was confused by the fact that the NATO session's final communique contained a provision on that organization's intention to expand by admitting East European states.

What has changed since then? Has NATO abandoned this intention? By no means. On the contrary, the "expansion process" has entered a preparatory phase in which NATO experts will be studying the practical conditions for and possibility of admitting East European countries in the future. All of the "countermeasures" which Moscow had remembered to use to protest against and even oppose this sorry prospect — which would mean the alliance's zone of responsibility coming right up to the borders for the former USSR — have been rebuffed.

Nonetheless there is no longer any hint of the "Brussels December" in summertime Noordwijk. Even before the session opened Kozyrev answered in the affirmative journalists' questions about whether the previously "delayed" documents would be adopted. According to information from NATO Headquarters here, the alliance leadership was informed of Moscow's new position in advance. It was no accident that the NATO session final communique, preempting Kozyrev's formal statement on this score which is expected today, includes both the NATO assessment of the position and certain "moves" in Moscow's direction.

Needless to say, this assessment is a positive one. As for the moves, the alliance countries are proposing to "advance the development of relations between NATO and Russia still further." Specifically, judging by the communique, it is intended to begin a dialogue with a view to elaborating a political framework for these relations by the year's end which would "lay down the fundamental principles for cooperation in the security sphere and for the development of reciprocal political consultations."

That is probably all that Moscow has managed to "squeeze" out of its December insult. From the standpoint of the need for contact with the alliance that is now the most important of all European structures, and by dint of the desire to avoid Russian isolation in the current Western-controlled security architecture on the continent, it was perhaps no bad thing. But from the standpoint of actual politics it has borne minimal, if any fruit, given that it has had no effect on the process of NATO's eastward expansion.

Yeltsin Refuses Japan Aid to Sakhalin Victims

Karasin, Yavlinskiy Cited

LD0106165595 Moscow NTV in Russian 1500 GMT 1 Jun 95

[FBIS Translated Text] Today Grigoriy Karasin, Russian Foreign Ministry spokesman, commented on Boris Yeltsin's statement, in which he yesterday refused Japan's aid to Neftegorsk shattered by the earthquake under the pretext that they may demand the islands at a later date.

Karasin said this only expresses Russia's bewilderment at attempts by some individuals of that country, meaning Japan, to link the territorial question with all others, even those that have nothing at all to do with it.

Grigoriy Yavlinskiy today sent a letter to the Japanese Government, expressing his gratitude for the sympathy and aid that has followed the strong earthquake in Sakhalin, INTERFAX reports. In his message, Yavlinskiy points out that in spite of some irresponsible statements made by Russia's top leaders, the Russian people, and especially immediate beneficiaries of the Japanese aid, have high regard for Japan's selfless assistance and sympathy.

Yeltsin 'Regrets' Comments

LD0206121095 Moscow ITAR-TASS in English 1152 GMT 2 Jun 95

[FBIS Transcribed Text] MOSCOW June 2 (ITAR-TASS) — President Boris Yeltsin "regrets his quite emotional statement" regarding the Japanese offer of relief to the victims of the quake-flattened town of Neftegorsk and hopes it will not affect good-neighbourly relations between the two countries, his spokesman Sergey Medvedev said Friday.

Yeltsin said Wednesday that Russia had turned down the Japanese offer to help deal with the quake aftermath because it feared Tokyo might later use it to press Russia to cede the disputed Kurile islands.

Russia said it did not need Japanese rescuers, but accepted humanitarian aid.

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"President of the Russian Federation Boris Yeltsin is sincerely grateful to everyone who has expressed readiness to render assistance to the victims of the Sakhalin earthquake and who is rendering it", Medvedev said in a statement received by Tass.

"Although Russia is able to cope with the calamity itself, we do not reject any assistance, especially the sincere one, and we accept it with gratitude", according to the document.

Medvedev recalled that Russia reacted quietly when Japan did not immediately respond to its relief offer after the devastating quake in Kobe.

"The constant readiness of Russia and its leadership to render assistance to victims of natural calamities no matter where they take place is well-known. And if in some cases, as it happened after the earthquake in the Japanese city of Kobe, this readiness to help was not accepted immediately, the Russian side reacted quietly to that. Russia treated with understanding the situation when Japan itself had to properly access the scope and forms of assistance which it was offered", Medvedev said.

"As far as the remarks of the Russian President regarding the possibility that Japan can use the assistance for exerting pressure on Russia are concerned, it is well-known that there are influential forces in Japan which constantly link the issue of contacts with Russia in economic, cultural and humanitarian spheres with issues which have nothing in common with them, including the so-called 'territorial dispute'. Such approaches always caused bewilderment in Russia", the spokesman said.

"Nevertheless, the President regrets his quite emotional statement and hopes good-neighbourly relations between our countries will continue to develop", Medvedev said.

Yeltsin Comment 'Offended' Japanese

MM0106160595 Moscow IZVESTIYA in Russian 2 Jun 95 p 2

[Report by Sergey Agafonov: "Japan Shaken and Offended by Yeltsin's Statements in Dedovsk Near Moscow"]

[FBIS Translated Text] Tokyo — At a ceramics plant in Dedovsk Wednesday President Boris Yeltsin stated in particular that Russia did not need Japanese emergency humanitarian aid for the victims of the Sakhalin earthquake since Japan — if we are to understand the president — could use the provision of such aid to bring pressure to bear on Russia in an attempt to secure the return of the disputed territories.

Judging from the instantaneous reaction in Tokyo, this presidential statement has offended Japan and the Japanese. It was a striking coincidence, but on the very day of B. Yeltsin's statement one of the biggest Japanese newspapers — ASAHI — carried an editorial calling swift and effective aid to the victims of Sakhalin a "natural human duty" and the "obligation" of Japan as a country neighboring Russia. On that very day the Russian Embassy in Japan issued a special three-page summary headed "On Japanese Government Aid to the Victims of the Sakhalin Earthquake and Offers From Japanese Nongovernmental Organizations To Provide Such Aid." The summary contained a long list of absolutely selfless Japanese actions and noted that Japan was the first foreign country to deliver aid to the earthquake victims.

Perhaps our president should remember, if only after the event, that a great deal of what the Japanese had already sent to Sakhalin in the days before his statement — including dialysis equipment, medicine, and other items — had been sent following official Russian requests. A second consignment of aid had already left for Sakhalin Wednesday, when the Japanese still knew nothing about the Russian suspicions regarding their "humanitarian cunning." The Japanese have expressed willingness to receive several hundred severely injured people for treatment (absolutely free), and Japan is collecting donations for the Russian disaster area.

It should also be recalled that, in sending aid to Sakhalin and offering its services in combating the consequences of the earthquake, the Japanese Government noted in an official message to the Russian side that these steps were prompted not only by considerations of humanity and neighborly sincerity, but also by the noble memory of the sympathetic Russian response to the disaster in Kobe last January. The Russian bodywarmers and disposable crockery that were then sent to Japan considerably after the event were not urgent necessities for Kobe (let's be frank), but the Japanese were very appreciative of the Russian gesture and there was no doubt about the sincerity of our motives.

To be fair, we should also recall the sad pictures of the recent past in the Russian Far East — the Kurils, which have been freezing and starving during the market-reform period, have on many bitterly cold days been heated by Japanese "humanitarian" fuel and fed with Japanese food; after last year's earthquake in the South Kurils Japanese aid was again there first, and that aid was by no means motivated by "naked politics."

The Japanese Foreign Ministry has voiced profound regret over the phrases used in the Moscow area town of Dedovsk and intends in order to "clear things up" to

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summon the Russian ambassador, who will be informed of Tokyo's sharply negative reaction to the Russian president's statements. Japanese officials are noting that the president's attempts to mix up humanitarian aid issues with the political territorial problem are beyond Japanese comprehension.

The final straw for the Japanese came from Russian First Vice Premier Oleg Soskovets, who, after the president's statement, summoned Japanese ambassador to Russia Watanabe to inform him of the... great gratitude which President Yeltsin feels regarding Japanese humanitarian aid to Sakhalin. Perhaps Soskovets was eager to do the best he could, but the result was worse than ever....

IZVESTIYA on 'Diplomatic Scandal'

MM0206143495 Moscow IZVESTIYA in Russian 3 Jun 95 p 2

[Report by Sergey Agafonov: "Yeltsin Quoted in Japanese Parliament. Moscow Pretends Nothing Has Happened"]

[FBIS Translated Text] Tokyo — IZVESTIYA has already reported the diplomatic scandal that blew up in Russian-Japanese relations following President Yeltsin's statements in Moscow Oblast's Dedovsk. The last 24 hours have added a fresh twist to an affair that is unpleasant in every regard.

First the scandal reached the Japanese parliament — a plenary session of the lower chamber especially raised the question of what Yeltsin had said and Japanese Premier Murayama had to answer it. The Japanese premier refrained from voicing an opinion of Yeltsin's statements but resolutely repudiated the Russian leader's suspicions of [Japan's] insincerity and political gain in offering aid to the victims of the Sakhalin earthquake. Murayama pointed out that Japan is providing aid for the victims of the natural disaster in a sincere manner, guided solely by humanitarian considerations and feelings of goodneighborliness, and this aid has nothing to do with the political problem of the "northern territories." The head of the Japanese Government stressed that if Yeltsin's statements published in the Japanese and world press were indeed as they were reported, this would cause the Japanese the most profound regret and disappointment.

Japanese officials explain that Tokyo is currently checking via diplomatic channels the content of the statements that Yeltsin made in Dedovsk. This resourceful official wording translates into easily understandable language as follows: The Japanese are considering possible responses and are trying to find a fitting solution to the difficult situation in which they have found themselves. Moscow is also making efforts but these leave a dual impression. On the one hand, it is obvious that Russian spokesmen are trying to make up for the aspersions cast on the Japanese. But, on the other hand, the most unfortunate means available has been chosen for this noble aim — it is being pretended that nothing has happened.

Japanese Vice Premier and Foreign Minister Kono had an impromptu telephone conversation Thursday [1 June] with Russian Vice Premier Soskovets lasting 25 minutes. Soskovets had a constructive conversation with his Japanese colleague regarding the prospects for the development of bilateral economic relations but never (according to the Japanese) broached the "incident" in Dedovsk.

However, the Japanese mass media, unconstrained by conventions of protocol, are going through the latest blip in bilateral relations with a fine toothcomb. The press here views the "Dedovsk affair," in particular, as a display of the incumbent Russian administration's underlying hostility toward Japan and the Japanese, from which it draws the depressing conclusion that Tokyo will not be able to have sensible confidence-building dialogue with the current Moscow team.

But the Japanese are still Japanese — despite all this gloom and irritation, Tokyo has announced that one-fourth of the emergency humanitarian aid for the earthquake victims will be leaving for Sakhalin as early as Friday. This comprises 25 tonnes of freight containing tents, sleeping bags, blankets, water purification units, and short-wave radios. The Japanese capital has declared that Japan will give its afflicted neighbor humanitarian aid worth a total of around $1.5 million.

Karasin Cited on Nuclear Test Ban Treaty

LD0106214495 Moscow INTERFAX in English 1954 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — At the Geneva Conference on Disarmament Russia intends to seek "firmly and consistently" the completion "in the shortest possible period of time" of an investigation into an efficient international treaty on a comprehensive nuclear tests ban, Grigoriy Karasin, Russian Foreign Ministry spokesman, said at a briefing in Moscow Thursday.

He said Moscow wants that "the treaty be offered for signing not later than in 1996."

Karasin said that the structure and basic provisions of the treaty have already been "mostly agreed upon" and Moscow is "on the whole satisfied with the work done so far."

However, "much remains to be done yet in order to reach an agreement on a series of the treaty's most

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important provisions, chiefly concerning its scope and control mechanism."

DPRK Willing To Accept U.S., Russian Reactors

LD0206131995 Moscow ITAR-TASS in English 1304 GMT 2 Jun 95

[By Vladimir Suprun]

[FBIS Transcribed Text] MOSCOW June 2 (ITAR-TASS) — The issue of acquisition of light water nuclear reactors by Pyongyang will be after all settled in the negotiations between the U.S. and North Korea, North Korean ambassador to Moscow Son Sung-pil said in an interview with ITAR-TASS today.

The diplomat admitted that the regular round of the talks now held in Malaysia's capital Kuala umpur has a difficult progress, but voiced hope that the sides "will come to an agreement".

The U.S. and North Korea are in the fourth round of the talks. In October 1994, the two states signed a frame agreement under which two light water reactors, worth four billion dollars, were to be supplied to Pyongyang for reorientation of its nuclear programme.

The first three rounds of the talks in Berlin were unsuccessful as the U.S. was insisting on replacement of North Korea's graphite-moderated reactors with South Korean models.

The main argument of Pyongyang in the protracted debate is that South Korea does not have its own reactors, and safety of what is described as South Korean models is open to question.

Son Sung-pil said North Korea adheres to this stance in Kuala Lumpur.

North Korea will accept reactors produced by the U.S., Japan or Russia, the ambassador said.

"The issue can be solved easily enough, provided that our American partners do not insist on the South Korean model of the reactors," Son Sung-pil said.

Approach to Pyongyang Hinges on U.S.-DPRK Talks

MK0206092095 Moscow KOMMERSANT-DAILY in Russian 2 Jun 95 p 4

[Commentary by Valeriya Sycheva: "U.S.-DPRK Talks on Nuclear Problems. Every Stubbornness Must Peter Out Sooner or Later"]

[FBIS Translated Excerpt] The veil of secrecy surrounding the Malaysian round of talks between the DPRK and the United States on nuclear problem has been lifted slightly: According to yesterday's reports from Seoul, the Koreans have started to bargain, trying to put a price tag on their nuclear renovation. If these reports square with reality, Moscow's chances to supply its reactors to the DPRK are now near zero. [passage omitted]

The truth of these reports arouses some doubt. First of all, because they appeared in the South Korean press: it was alleged there earlier that behind Pyongyang's no to delivery of Seoul's reactors there stands only the desire to sell its nuclear program at a higher price. But on the other hand, the visible plan of the talks — their drawn-out schedule — still makes it possible to assume that the sides are in principle disposed toward a compromise, and progress is not at all ruled out.

Extremely interested in the revival of nuclear cooperation with Pyongyang, Moscow is so far temporizing and, as Deputy Foreign Minister Aleksandr Panov said recently, does not intend to rush to revise provisions of the treaty on friendship, cooperation, and mutual assistance with North Korea. At the present time, he stated, "our approach to the contents of these documents is still being formulated." The speed and contents of the "formulation" will obviously greatly depend on the outcome of the American-North Korean talks.

Iran Reactor Deal Not in 'National Interest'

MM0206145295 Moscow IZVESTIYA in Russian 2 Jun 95 p 3

[Article by the Russian Ecological Policy Center's Aleksey Yablokov, corresponding member of the Russian Academy of Sciences: "Atomic Energy Ministry Confused Its Own Interests With National Interests in Signing the Protocol With Iran"]

[FBIS Translated Text] After the meeting between Boris Yeltsin and Bill Clinton in Moscow, everything seemed to be as it should be: The Americans had agreed to Russia's right to sell light-water reactors to Iran, and Russia had agreed to the U.S. demand to exclude "military components" from the proposed deal. Nonetheless, questions about the deal still remained. Some people in Russia deny that there was any intention to sell Iran gas centrifuges — uranium-enrichment equipment. Some people strenuously insist that the Americans want to force us out of the market for nuclear technologies. Iran comes across as an innocent victim.

After what the Russian president said about the existence of a "military part" of the contract, at least two departments have been put in an awkward position: first and foremost, of course, the Atomic Energy Ministry, and also the Foreign Ministry, which had loudly assured us that the Iran deal had no military aspect. The Defense Ministry and the Foreign Intelligence Service are also

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in a difficult position, having overlooked these military aspects.

First let me quote certain sections of the Russian-Iranian protocol, which was never secret. I am sure that it was only as a result of the absence of a tried and tested system for making crucial decisions in the sphere of the export of dual technologies that it remained unknown both to our foreign minister and to the head of government at the height of the polemics.

The protocol, signed by Viktor Mikhaylov, minister of atomic energy, and Amrollahi, leader of Iran's Atomic Energy Organization, says:

"...6. The sides will instruct their competent organizations to draw up and sign:

" — within the first quarter of 1995, a contract for the delivery of 2,000 (two thousand) tonnes of natural uranium from Russia;

" — within six months, a contract for the construction of a uranium silo [shakhta] in Iran, after which talks are to be held on signing a contract for the construction of a centrifuge plant for uranium enrichment....

"7. The sides have agreed:

" — on cooperation in the construction of small-capacity (less than 1 megawatt) research reactors in Iran for training purposes...."

Now, I hope, all questions about Iran's desire to obtain gas centrifuges and the Atomic Energy Ministry's willingness to sell them this effective, state-of-the-art uranium-enrichment equipment will disappear. But two new questions arise.

First, why does Iran need 2,000 tonnes of Russian uranium now, if it does not have a comprehensive complex of enterprises for the production of nuclear materials for nuclear power stations?

Second, precisely how many "research" reactors is it proposed to supply to Iran — five, 10, 20? Is there not a hidden "military component" here too?

It is sometimes claimed that in signing this protocol the Atomic Energy Ministry was acting within the framework of agreements approved by the government (by Decree No. 592 of 17 August 1992) on cooperation with Iran in the sphere of the peaceful use of nuclear energy. That is not so. In signing the protocol Minister V. Mikhaylov directly violated one of the agreements, whereby permission was given to supply Iran with two medium-capacity (VVER- 440) reactors, but not the VVER-1000 reactors that are in question today.

Only recently, two major surveys appeared in the United States devoted to Iran's nuclear programs. One was carried out by the U.S. Congress research service. The other, which is even more detailed, was by the nongovernmental Monterey Institute, which has long had a reputation as the leading public organization for monitoring nonproliferation. Both surveys show unequivocally that although there is as yet no direct evidence of Iran's creating nuclear weapons, throughout recent years Iran has been making persistent attempts to obtain dual-use nuclear technologies — from Germany, Belgium, China, and other countries.

Nobody should be troubled by the lack of direct evidence here. Let me remind you that despite some 150 checks, the IAEA [International Atomic Energy Agency] did not succeed over many years in discovering direct or even indirect evidence of the existence of a strong nuclear weapons program in the Republic of South Africa. Yet South Africa has even carried out a test of its nuclear device!

Russia does not yet have a developed and effective system for taking well-considered decisions in the sphere of the proliferation of nuclear technologies. In the United States and other nuclear countries the leaders of at least four ministries and departments, as well as the head of state, are personally responsible for such decisions. In our country, apparently, the atomic energy minister can casually put the foreign minister, the defense minister, the head of government, and even the president in an awkward position — to put it mildly — by equating his own department's interests with national interests.

What must be done? First and foremost the procedure for drafting intergovernmental agreements on cooperation in the sphere of the use of nuclear energy must be reviewed. It is also necessary more clearly to define the rights and responsibilities of departments operating under such agreements. It is necessary to review procedures for the approval of deals involving dual-use technologies so as to try to rule out the possibility of departmental decisions being pushed through (it is said that a Foreign Ministry representative objected to the export control commission about the inclusion of gas centrifuges in the Iran protocol, but his objections were disregarded).

We cannot go on concluding agreements with other countries on cooperation in the sphere of the utilization of nuclear energy on the basis of obsolete (20-year-old) standard agreements. For instance, an agreement that has just been concluded with Bulgaria contains provisions on the return of plutonium and highly enriched uranium to Bulgaria (following the reprocessing of spent nuclear fuel from Bulgarian nuclear power stations at Russian plants) under guarantees from the existing gov-

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ernment that these materials will not be used for the manufacture of nuclear weapons.

In agreements of this type (and our government has already concluded them with several neighboring countries) there are at least three dangerous points:

1) the proliferation of materials suitable for the manufacture of nuclear weapons in politically sensitive regions around Russia, which clearly goes against our national interests;

2) paper guarantees of the nonmanufacture of nuclear weapons without an effective mechanism for monitoring on our part and for pressure to be exerted in the event of the possible breaking of promises;

3) the promise made beforehand to take spent nuclear fuel to Russia for reprocessing (which inevitably involves radiation contamination of Russia, where radiation pollution is, even without that, one of the main headaches among other forms of pollution).

Although there is great skepticism in the sphere of the possibility of safe use of nuclear energy, there can be no objection to Russia's having the possibility of concluding international agreements in that sphere. But when such agreements are concluded it is necessary to think first and foremost about ensuring our own national (and that includes military and ecological) security.

Moscow Hopes for Debt Rescheduling at Halifax

MK0206061095 Moscow KOMMERSANT-DAILY in Russian 1 Jun 95 p 4

[Report by Natalya Kalashnikova, Georgiy Bovt under "Russia Tackles the Foreign Debt Problem" rubric: "Tested by Debt"]

[FBIS Translated Excerpt] Diplomacy is held in high esteem as the finest of arts — the art of the impossible and of compromise. But when diplomats talk about such a delicate matter as multi- billion dollar debts, and especially when one side (heavily in debt and short of funds) intends to sway the other side — no, not to forgive this debt, but to reschedule it for some 25 years — dialogue calls for simply impeccable technique. Today and tomorrow Vice Premier Oleg Davydov, who in the government is in charge of negotiations with creditors, is to demonstrate his brilliant skills. True, the vice premier chose to share some of his "ready-made formulas" shortly before his departure to Paris. [passage omitted]

According to Davydov, the Paris Club will apparently prefer to conclude a short-term agreement on servicing the Russian debt for this year, evading "a global approach to the problem," i.e., refusing to accept Russia's strategic proposal to restructure the debt on a long-term basis. Reiterating the point that the creditors have decided to "keep the pause going," in expectation of "a possible change of government," Davydov noted that the negotiations on the global settlement of the debt "in all likelihood, will not be able to begin until next year." But he did not rule out that the G- 7 summit in Halifax will "make a political decision to recommend to Russia's main creditors to conclude an agreement on a long-term debt rescheduling for a 25-year period," adding that "in this matter we count on support from the United States with its weighty authority in international financial organizations," and that "regardless of the outcome of the negotiations in Paris, in 1995 Moscow intends to pay $1.2 billion to the Paris Club in interest payments.

A few questions are in order here. For instance, what sort of strategy of negotiations with the club did the Davydov commission talk about given that he is going to Paris apparently convinced that the negotiations will fail? Will the creditors — even if they so wish — meet Russia halfway if the head of the delegation notifies the public in advance that "they probably will not"? Is there any need to go to Paris in the first place (not just for the fun of it but for negotiations) if the final hope is still linked with Halifax? [passage omitted]

Maybe the Russian negotiators are being overcautious, giving the most pessimistic prediction? What if the creditors give way: After all, they promised to in Madrid. But they probably will not — at least not before the G-7 summit. Why? That Russia's initiative will be rejected in the very near future was also suggested by G-7 finance ministers in April in Washington. The Paris Club leadership now holds the same position. There are some objective reasons for this. First, Chechnya — as a cause for not relaxing political pressure on Moscow. Second, they also remember that so far Moscow has not fulfilled a single economic program promised to the IMF. And now the creditors, after the IMF, intend to monitor what actually happens in the course toward financial stabilization by the end of the year. It was no accident therefore that the G-7 ministers also expressed the wish to start consideration of Moscow's long-term initiative by the end of the year. Third, Davydov may be right: They are waiting for elections.

As for Moscow, today it simply has no adequate answer to the creditors' actions. Neither does it seem to have coherent negotiating tactics. One statement often refutes another. Leaks about backstage contacts and revelations about its actions do not add respectability to the Moscow team. The "playing field" has been completely ceded to the rival. Of course, negotiations between a creditor and a debtor should by definition be difficult, and they cannot be an equal-to-equal talk. But this is just why

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diplomacy is the art of the impossible and the art of compromise: Much in it depends on the playing.

'Constructive Exchange' at Japan Fisheries Talks

LD0106173695 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Russia and Japan have the necessary basis to conclude an inter-governmental treaty on cooperation in the fisheries, the deputy chairman of the Russian Committee for Fisheries Vyacheslav Zilanov has said.

On May 29-30 he took part in the second round of Russian-Japanese negotiations in Moscow on fishing in the area of the South Kuril islands.

Zilanov said that there had been a constructive exchange of opinion.

He said that in the first place that concerned the preservation of fish resources in the exclusive economic zone of Russia, poaching by Japanese fishermen in Russian territorial waters and the development of biological sea resources on the scientific basis and under the control of Russian fish protection agencies.

Zilanov recalled that three inter-industrial Russian-Japanese agreements had taken effect already.

A future agreement would preserve in 1995 the mutual quotas (more than 100,000 tonnes) for fishing in the 200-mile economic zone of either country and provide for cooperation in the preservation and reproduction of salmon fish and Japan's extraction of sea kale in the area of the Russian island of Signalny.

According to the Russian Committee for Fisheries Russia last year caught a mere 44,000 tonnes of fish in the Japanese economic zone whereas the quota was 100,000.

Russia last year obtained quotas for fishing more than 1 million tonnes of fish in the 200-mile zones of 16 countries, but caught 586,000 tonnes against the 719,000 in 1993.

Moscow Protests to Ankara Over Alleged Spy

LD0106180395 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Turkish Ambassador to Russia Bilgin Unan was called to the Russian Foreign Ministry Thursday to be handed an "official protest following the Turkish special services' intervention in Russia's internal affairs," a spokesman for the Russian Foreign Ministry, Grigoriy Karasin, told a briefing in Moscow Thursday.

Karasin said "the reason for the protest regarded the detention of Turkish citizen Ishak Kasap by Russia's Federal Security Service on the territory of Dagestan on April 23; who, it was discovered, was a member of a reconnaissance group of the Turkish national intelligence MIT deployed in Chechnya last January."

Karasin said "Kasap gave evidence on his mission and the results of the group's activities, nature of contacts with Dudayev and his supporters. The detainee also named specific persons of the MIT central headquarters who directed the Turkish intelligence operation in Chechnya," he added.

"Kasap reported that he went through a special training in the MIT together with his compatriot Ozturk learning to operate satellite communication equipment. Before leaving for Russia, they were given forged documents (passports and certificates), large amount of money, video and photo equipment. Kasap also named a MIT officer who arrived at Dudayev's headquarters in early March with coding equipment," he continued.

Karasin noted that "the explanations given by Ankara as regards this case do not seem to us to be convincing or comprehensive."

"Stating that the detained Turkish citizen is not employed with state bodies and has nothing to do with the MIT, the Turkish side has however admitted his membership of the Caucasian-Chechen Solidarity Committee, an officially registered organization waging terrorist and sabotage activities against Russia supporting criminal formations of pro-Dudayev separatists," he emphasized.

Moscow expects the Turkish side to provide firm assurances that activities of this kind will never be allowed and would be resolutely stopped in future."

Yeltsin Wants Extended Forces' Mandate in Abkhazia

LD0106174895 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Russian President Boris Yeltsin proposed that the Federation Council extend the mandate of the Russian peacekeeping forces in the zone of the Georgian-Abkhaz conflict till December 31, 1995. The mandate expired on May 15, 1995, the Russian president's press service said.

Yeltsin sent a message to the Federation Council Chairman Vladimir Shumeyko saying that such a proposal was made taking into consideration the requests of Georgia and Abkhazia, the decision of the CIS leaders made at the Minsk summit and the realization that

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withdrawal of Russian peacekeepers would seriously aggravate the situation and lead to a renewal of wide-scale military actions between the conflicting parties.

The Russian peacekeeping forces including 2,100 people, were introduced into the zone of the Georgian-Abkhaz conflict on June 23, 1994.

Further on Yeltsin Proposal

LD0106181295 Moscow ITAR-TASS in English 1745 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (ITAR-TASS) — Russian President Boris Yeltsin on Thursday suggested that the Federation Council, Russia's upper house of parliament, extend the mandate of Russian peacekeeping troops in the zone of the Georgian-Abkhazian conflict, according to the president's press service.

In his message addressed to upper house speaker Vladimir Shumeyko, Yeltsin said "the military contingent of the Russian Armed Forces (2,100 troops) sent in to the zone of the Georgian-Abkhazian conflict on June 23, 1994, has been fulfilling its peacekeeping mission for over ten months. The efforts by Russian peacekeepers helped cease the bloodshed and create preconditions for a political settlement. The process of organized return of refugees has got under way".

Under the Federation Council's resolution of January 18, 1995, the mandate of Russian peacekeepers in Abkhazia expired on May 15, 1995. "Taking into account the requests moved by the Abkhazian side of April 12 and by the Georgian side of April 20, 1995, as well as the decision passed by the Council of CIS heads of state at the Minsk summit, and keeping in mind that the withdrawal of Russian peacekeepers would drastically aggravate the situation and lead to fresh large-scale hostilities between the conflicting sides", the Russian president addressed the Federation Council with the above suggestion.

Deputy Foreign Minister on Inter-Tajik Conflict

LD0106192795 Moscow INTERFAX in English 1752 GMT 1 Jun 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Russian Deputy Foreign Minister Albert Chernyshev denied reports of some media that Moscow "flinched" from settlement of the Tajik conflict.

He told INTERFAX in an interview today that Russia had gone into diplomatic channels and "continues to work actively with both Tajik parties as well as with observers of the process of the conflict's settlement."

Russia is one of such observers.

Chernyshev agreed that pressure was sometimes exercised on the conflicting parties "but this is done for good purposes."

"Every participant in Tajik settlement tries to do his best to influence the process," Chernyshev said. He said that "somebody does it sharper, somebody - smoother. However, we are sure that everyone seeks the same: reconciliation in Tajikistan."

Chernyshev said he did not think that the talks between Dushanbe and the opposition Movement for Islamic Rebirth of Tajikistan could suddenly be wrecked.

He said the conflicting parties "are embarking on a rather realistic way opening the movement towards national reconciliation in Tajikistan."

Nevertheless, Chernyshev said that "nobody should be under illusion that a perfect day will soon come to Tajikistan."

He said the Tajik delegations had just begun to discuss the main problems concerning the country's development and their co- existence. "That is why talks go on with serious difficulties," he added.

Chernyshev said Dushanbe and the opposition were now searching for something in common in their positions concerning various problems in order to begin discussing these problems.

Chernyshev said he believed that there were some problems which the Tajik parties could not discuss at present.

Chernyshev also said he believed that the proposal of the opposition that the Tajik present authorities be dismissed and a council of national accord be immediately created was "unreal."

Diplomacy Seen Failing Before Yeltsin Kiev Visit

MK0206131095 Moscow SEGODNYA in Russian 2 Jun 95 p 9

[Report by Vladimir Razuvayev, doctor of political sciences, under the "Commonwealth" rubric: "Moscow Is in All-Out Defense. The State of Russian-Ukrainian Relations on the Eve of the Meeting Between Yeltsin and Kuchma"]

[FBIS Translated Text] Of late, Russian-Ukrainian relations have come to the verge of a crisis lately — by far a more serious one than during Leonid Kravchuk's presidency. After a series of strikingly thoughtless steps made by Moscow in its foreign policy, not a trace has

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remained of the Kremlin's formerly seemingly dominant position in its dialogue with plainly provincial Kiev.

The emergence at the negotiations of the unfavorable situation for Russia is especially astonishing, since the economic and social situation in Ukraine is still far from good. True, a rather ramified banking system has already been created in that country. Commercial and service facilities, available public housing space, and construction enterprises are rapidly being privatized. At the same time, production decline has reached 23 percent. The nonpayments crisis is paralyzing the entire economic mechanism. The cost of energy considerably exceeds its consumer price and tariffs for the population. As a result, the Ukrainian fuel and energy complex needs to be subsidized by the state. It is characteristic that whereas two years ago the share of exports accounted for 12 percent of the gross national product, in 1994 it was only 2 percent. The majority of the population is on the verge of poverty.

No wonder that today in Ukraine a considerable part of society is apathy-stricken. Frustrated in their expectations for the new president, people turn to religion, including its exotic — for this Slavic country — forms. Only in 1993, the number of religious groups in Ukraine rose from 20 to 50. They include Mormons, Nazareans, Evangelical Church "Rose of the World," Svedenberg's followers, Epiphany Church, Full Gospel Church, New Apostles' Church, Christ's Church, Center of the Virgin, Great White Brotherhood, Satanists, Vedantists, Taoists, and Bacchists. All kinds of healers, sorcerers, witches, wizards — to say nothing of people with extrasensory powers — enjoy enormous popularity.

It is noteworthy, however, that the Kuchma regime has managed to make rather serious changes in the macropolitical area. Under the new president, an alliance of central oblasts with the Galich region was reestablished — an idea which Kravchuk had earlier been forced to give up, as he had seen in this, not without grounds, a threat to Ukraine's integrity. The new strategic partnership is being established based on the common tough stance with respect to the Crimean issue. It is this issue and the alliance between Ukraine's central and western oblasts that have become the center point of a wide anti-separatist consensus of most of Ukrainian society. It is noteworthy that the anti-Crimean stance is shared by virtually all Ukrainian political forces — from radical nationalists to communists.

It was probably the new political situation that prompted the "Kuchma team" to take a tough stance at the negotiations with Russia. While the Kremlin was showing starry-eyed idealism and acting ingratiatingly with respect to official Ukraine, Kiev found itself in a situation in which it could not agree to any radical (even mutual) concessions at negotiations with Moscow. The price for coming to mutual understanding with Moscow — breakdown of the ruling bloc — was quite rightly deemed as being too high.

Under this situation, Ukrainian diplomacy derived maximal benefits from the Oleg Soskovets' striking pliancy, having ceded in return neither its principles nor a single Black Sea Fleet ship. And when there emerged the threat of a tough answer on the part of Moscow — irritated over the provincial lack of perception of Kiev leaders in foreign policy matters — the Ukrainian leadership first resorted to rhetoric about some special kind of relations between Russia and Ukraine and proposed that new negotiations with the participation of Oleg Soskovets be held. Then, in fine May days, Kiev demonstrated once again the well-known truth that a beauty's heart is inconstant and, as a surprise for Moscow, invited Bill Clinton to act as mediator in its mix-up with Moscow.

I think that the U.S. President, who sensibly refused the Ukrainian proposal — although being shocked by the naive spontaneity of Kiev politicians who had hoped for Uncle Sam's help in their conflict with Moscow — at the same time, certainly highly appreciated this unexpected gift given to him by Kuchma. In principle, the U.S. main strategy line in the post-Soviet space today is to restrain, in a careful way, Russia's predominance, not getting involved — directly or indirectly — into local messes. Therefore, the Ukrainian president's request for mediation was a wonderful present for the Americans: Not risking anything, Washington has driven a wedge — firmly and for a long time — in relations between Moscow and Kiev.

Ukraine's reaction to the events in Chechnya, too, is noteworthy. Whereas Leonid Kuchma tactfully abstained from direct criticism of his Russian colleague in the presidential corps, heads of the Ukrainian president's analytical service openly claimed in the press that the events in Chechnya are an element of the emerging new capitalistic Russian Empire, and the neighbors of Russia must react correspondingly to the Russian actions. And Supreme Council Chairman Oleksandr Moroz voiced an opinion that it is necessary first to divide the conflicting sides and then "to make both sides answer for the violation of the Constitution and unleashing armed conflict."

Strangely enough, nobody in Russia thought of asking why the Ukrainian parliament's speaker had a wish to make the leaders of another independent state "answer." Such a statement can well be interpreted as an attempt to interfere in the affairs of a neighboring independent state. Against the backdrop of showy protests of Russian parliamentarians in relation to statements and demarches

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of their European colleagues with respect to Chechnya, this lack of consideration toward political initiatives of the Ukrainian speaker proves once again that Moscow, in fact, does not care for loudmouthed Kiev politicians, Ukrainian volunteers fighting on Dudayev's side, the Black Sea Fleet's fate, and Crimeans aspiring to join Russia.

In this connection, it is no wonder that over the past few months, in its relations with Ukraine, the present Russian leadership has demonstrated the worst examples of its diplomacy in the post-Soviet space. In the course of only half a year, Moscow has voluntarily given up nearly all of its trump cards, using which it could well determine the outcome of its foreign policy game with official Kiev.

Having overlooked the emergence of new political alliances in Ukraine and the isolation of Crimea, the Kremlin — at least for the foreseeable future — has deprived itself of the possibility to influence the interregional confrontation in the neighboring post-Soviet state, i.e., one of its principal foreign policy tools. True, one cannot say that Moscow has ever actively used its neighbor's regional controversies to its benefit, either. It could, however, at least play some corresponding game, if an urgent need ever arose. And official Kiev has had to take this potential weapon into consideration.

Characteristically, the Kremlin has never made use of the recent exceptionally favorable situation for active promotion of Russian-Ukrainian contacts at the level of bordering regions. What has been done in that area until now is too little to achieve political mutual understanding and to realize that the administrations of Russian and Ukrainian bordering regions do have common interests — a mutual understanding that Moscow could use it in its continuing political bargaining with Kiev.

We have already written that the status of Crimea in the political alignment of forces in Ukraine has changed. It should be added, however, that the Kremlin's extremely improvident policy as regards the Crimean issue has given grounds to reproach it for playing a double game or even for treason. And although official Simferopol is still counting on Moscow's mediation in its discord with Kiev, the Kremlin has already lost the moral right to take part in this game, and, in the foreseeable future, it will not be able to regain its former status. The worst thing is that it has lost the trust of common Crimeans. Neither Yeltsin nor particularly Soskovets would be able to reconstruct it to its former volume.

The Crimean people's interests have been betrayed, sacrificed for the sake of a deal on the Black Sea Fleet — a deal which, as is known, has never been made. Later, Moscow demonstrated that it was ready to waive the Black Sea Fleet's interests, too. And again in vain. Such zigzags in politics are not to be forgiven. Not because they are cynical, but because they lead to defeat.

And the demonstration of force in Chechnya will change nothing — post-Soviet states have been shown once again that Russian diplomacy is inconsistent, and that Moscow can be cheated and outplayed. Moreover, with impunity. And such a demonstration of weakness in potentially the most explosive region of the world is fraught with numerous extremely negative consequences — at a minimum, the loss of the already existing allies and an utter improbability of acquiring new ones.

No less disastrous for Russian policy with respect to Ukraine was the unexpected decision to separate economic issues from political ones at bilateral negotiations. In so doing, Moscow has deprived itself of the possibility of using huge Ukrainian debts and the delivery of Russian energy resources to Ukraine in order to make Kiev yield on key political issues. It should be added that, at the same time, the Russian leadership has removed from the negotiations' agenda the question of dual citizenship, having thus continued its line of unilateral concessions.

The decisions made in the Kremlin, to put it mildly, are paradoxical. Diplomacy is indeed built on concessions, but on mutual ones. Unilateral concessions of such kind and of such an extent as made during Soskovets' negotiations in Kiev can be made exclusively by a weaker side and only for the sake of a nation's survival.... One could accept them, if the new trend of Russian politics would have been addressing, so to speak, "the broad Ukrainian masses" in order to demonstrate the advantages of rapprochement with the northern Slavic brother. Russian politicians, however, preferred to make a gift personally to the Ukrainian leadership, which used it to consolidate the anti-Russian forces in the country.

I would like to know whose bright, remarkable idea it was in the Kremlin or in Staraya Square, following which Russia gave Ukraine everything it had strived to receive, within only a month's time — receiving absolutely nothing in return. But whoever the author of this remarkable idea might be, it was publicly "voiced" by Soskovets. By doing so, the first vice premier — who, for some reason, had been considered one of the most cunning Russian politicians — demonstrated the extent of his personal clarity of vision. It should be noted in this regard that, unless Soskovets is a secret Ukrainian nationalist, his behavior at the negotiations with Kiev

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is illustrative of the level and political expertise of the Kremlin's entire top leadership.

The policy of Moscow has led to a marked decline in liking for Russia in the majority of Ukrainian regions. A similar situation is also observed in other post-Soviet states. The Kremlin's repeated foreign policy failures have resulted in the fact that only Tajikistan and long-suffering Belarus can be considered Russia's allies. It seems that the specter of diplomatic isolation — which frightens official Moscow so much — can appear first not in the West, but on the former USSR's territory.

As for Russian foreign policy's Ukrainian line, in the near future, Moscow, burdened with its own faults, is doomed here to defense. Any diplomatic "breakthrough" (for instance, on the Black Sea Fleet issue) is possible only at the expense of new cardinal concessions, casting aspersions on Russia's prestige. Therefore, the "key" to the Ukraine's heart is now in Belarus. The more significant economic advantages of its union with Russia will be for its people, the higher their living standards will rise, the sooner chances for a real — not for considerations of momentary advantage — Russian-Ukrainian rapprochement will appear. After all, a beauty's heart is inconstant, indeed. And not only in May....

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Political Issues

Yeltsin Takes Direct Charge of Control Administration

MK0106130095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 1 Jun 95 p 1

[Unattributed report under the "Hold the Front Page!" rubric: "Yeltsin Will Personally Control His Own Controllers"]

[FBIS Translated Text] A behind-the-scenes wrangle between various subdivisions of the president's staff for the opportunity to pass under Boris Yeltsin's direct subordination seems to have ended in a victory for the Control Administration.

From now on, under a presidential edict, reshuffles in the Control Administration have become Yeltsin's exclusive prerogative. For example, the administration head and his three deputies shall be appointed and fired only by presidential edicts.

At the same time, Sergey Filatov now has one more first deputy. Under the same presidential edict, Control Administration chief Zaytsev becomes the only head of the presidential staff's subdivisions to hold the rank of Filatov's first deputies.

True, despite the now acquired apparatus entitlements, the Control Administration will nevertheless be subjected to cuts within the reorganization of Yeltsin's staff started last year.

Filatov on President, Yeltsin Staff, Elections

MK0106124095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 1 Jun 95 p 2

[Interview with Sergey Filatov, presidential chief of staff, by Aleksandr Khinshteyn in the Kremlin; date not given: "A Kremlin Dreamer. Sergey Filatov: 'I Am a Very Negative Person'"]

[FBIS Translated Excerpt] [Khinshteyn] Let us talk about what concerns society most of all, namely, the upcoming elections. Do you think they will take place?

[Filatov] A law has been passed. For the time being I am 99 percent certain that they will take place. But I say 99 percent because anything can happen in this country. For instance, circumstances may arise in which a decision on holding elections will be made by the State Duma or the Federation Council, not the president. In the present-day situation, however, this is practically out of the question.

[Khinshteyn] Your forecast: Who will win?

[Filatov] For me this is evident: There is actually no one to elect president except for Boris Nikolayevich. And not even because I am his chief of staff, but I simply have the possibility to assess all candidacies. Believe me: It was extremely difficult to keep Russia away from conflicts and social war during these five years. The president has many times been provoked into taking various kinds of rash steps, but we have still managed to hold out and come through with the minimum losses. Before the October events one could absolutely definitely say that the president had firmly kept the country away from bloodshed. Yes, of course, there are signs of weariness there. But all these developments have not yet produced a person capable of heading this state. Boris Nikolayevich, however, has traveled this uneasy path. As the saying goes, one that's been caned is worth two that haven't. For this reason if we are to bring reform to consummation and to retain stability, we have no other choice. [passage omitted]

[Khinshteyn] Not so long ago, NEZAVISIMAYA GAZETA published an eloquent document allegedly drawn up by Urnov and Loginov, chiefs of presidential staff administrations. It speaks about preparations for elections, the creation of government blocs, a blockade of the opposition. Does this document really exist?

[Filatov] This is not our document... As soon as it was published I called Urnov, and Mark Yuryevich explained to me how it had all occurred. In reality this was a get-together of sorts — an informal exchange between various analysts, which somebody recorded on paper. Urnov and Loginov attended the meeting. It is hard for me to explain this to you and, most importantly, to make you believe me...

[Khinshteyn] So, who has benefited from this publication?

[Filatov] No idea. But usually documents are made public for a certain purpose — so as to test society's reaction or to discredit somebody. It is hard for me to say what was the reason on that occasion. Leaks sometimes occur even with us, and probes we conduct do not always indicate their source. But we have asked at least a few persons to leave the presidential staff and dismissed a few others. Including those who have come forward with uneducated viewpoints in the press. [passage omitted]

[Khinshteyn] Many people get the impression that as soon as a regional conflict between a governor and a presidential representative occurs, the latter is booted out right away. This is what happened, for instance, in Maritime Kray or Tambov...

[Filatov] You know, previously presidential representatives were members of the Control Administration, and

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many of them had turned their office into a fiscal service. Maybe this is what was needed at a certain stage, but once I came to the Kremlin I immediately sensed the heavy atmosphere of relations between the governors and presidential representatives. It was at that time that the question arose with regard to withdrawing them from the Control Administration and subordinating them to the Administration for Work with Territories so that they would take up political work. Most importantly, that they would start helping local administration heads pursue the presidential line. But, admittedly, this is a very special post, so time will tell whether these people can be trained correctly or we should give them up in principle at a certain stage. Still, they have been performing a great deal of work, there is no denying that. Many of them, however, still have been unable to shed the burden of control functions. There have been incidents where things have gone too far: They start spying on each other, engaging in slander. We have gotten rid of such people, of course. Tussles between a governor and a presidential representative, if they spill over into the press, do not bring about anything good. But at the same time, we have not always dismissed precisely presidential representatives. Say, the head of the Bryansk Oblast administration was removed after the October events. The Novosibirsk governor was fired with the active assistance of the presidential representative.

[Filatov continues] As for the situation in Maritime Kray, I would advise you to wait until the investigation is completed — in my judgment, everything is much more complex there. In particular, as of today it is known that a bribe given to former mayor Cherepkov was set up and that even local internal affairs administration officers were dragged into the provocation. One of them has already been arrested, the investigation is going on... I think you will ask me: And what about the presidential edict on dismissing Cherepkov?

[Khinshteyn] Yes.

[Filatov] In reality, he was dismissed after he had long been absent — not of his own accord — from his work place; the phrasing was "for failure to perform his duties during a long period of time." There are many questions still open there and someone will have to answer for his fate, of course.

[Khinshteyn] Have you really met recently with Cherepkov, the mayor who fell from grace, and even offered him a post?

[Filatov] Yes, I have, and I told him that we could give thought to his employment, maybe even in Moscow. But he thanked me and said in response: "I do not need that, I must first of all make sure that I am reinstated in my post."

[Khinshteyn] They say that you asked him to withdraw his statement of claim against the president regarding the unjustified dismissal in return for that post. Did you?

[Filatov] Well... There was no outright horse-trading like that. It was said simply that if his situation is going to be straightened out, then why file this statement... To tell the truth, when I learned what had happened to him, I myself suggested that we meet. Out of purely human compassion I felt strongly about the man and, of course, wanted to help him... Maybe he needed to be taken out of that region — we have already had such experience... We had an unpleasant incident where a presidential representative in Vladivostok was attacked by nine or ten people on his way home; they started beating him. In self-defense, he shot an attacker dead. He had to be taken away.

[Khinshteyn] In truth, I do not quite understand the operation of another administration of the president staff — on work with parties, factions, and deputies. There is a feeling that most presidential bills do not pass through the Duma, even if the administration chief, Loginov, has carried out "educational" work.

[Filatov] This is a difficult question... Traditionally, since the time of the Supreme Soviet, certain deputies still hold — out of inertia — a biased view of anything that comes from the president, and do everything contrary. We are very much concerned by this trend, but at the same time we are trying to avoid a confrontation. Back during the Supreme Soviet it was observed that every alternative bill holds up the adoption of the law itself for at least one year. For instance, we have been adopting the law on civil service for as long as three years...

[Khinshteyn] Don't you think that the presidential staff is beginning to rival the government in terms of its weight and importance?

[Filatov] No, I don't. There are incidents of overlapping, of course. For instance, there is the Nationalities Ministry in the government, and we have the Administration for Work with Territories...

[Khinshteyn] What I mean is not so much this, but rather political weight.

[Filatov] Well, our weight is the weight of the president. We never play our own games. Whatever has been done by his administration has been done in exercise of his will. [passage omitted]

[Khinshteyn] It is believed that a few persons — Korzhakov, Ilyushin, and you — have the greatest influence on the president. To what extent is this really so?

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[Filatov] You'd better ask Boris Nikolayevich about that... Ha-ha-ha!!! I can only say one thing: The president does not make any decisions just so. Sometimes I am even surprised by his vast knowledge. Say, you tell him about something new, but he already knows everything about it.... In addition, Boris Nikolayevich has very well-developed intuitive feelings. I have tried to argue with him on certain matters, but each time it turned out to be just as he had predicted... As long as he relies on information from various sources and makes decisions on this basis, I feel reassured.

[Khinshteyn] Moreover, it is said that there is a number of political groups operating in the Kremlin and the White House. Do you think they exist and if they do, how many are there of them?

[Filatov] People make up groups — there is no doubt about that. But in all likelihood, they have been formed for personal, not political reasons. Let's say there is somebody with whom you came together or worked together some time ago... Generally speaking, in our profession one cannot limit oneself to office work — one needs to seek other people's advice, get together. Numerous snags can only be revealed in a collective session. For this very reason some people gain the impression that there is a "party of war" or, say, a "party of peace" there...

Well, say, we often come together — Satarov, Baturin, and I. Now Krasnov, too, joins us (presidential advisers — A. Khinshteyn). Yes, we share similar views, a similar vision of the world. But people immediately include us in a group that opposes somebody on something...

[Khinshteyn] Going back to Korzhakov: Who do you think needs the boisterous campaign that has been surrounding him recently?

[Filatov] Well, campaigns have been launched not against Korzhakov alone, but also against lots of people, myself included. But I cannot say unequivocally who has been orchestrating them. We do not have an agency able to straighten all that out and present a correct conclusion on a platter. I personally have the impression that there is an abstract force that has been dealing blows at the president's entourage. It is always very unpleasant when you don't know where a blow comes from.

I sometimes come to Boris Nikolayevich and start complaining, but he would say in response: "Man, what are you talking about? I at once start feeling better as soon as I recall what a bashing they give Clinton in the States..." But generally speaking, there is a certain concern relating to fears that the Security Council may go beyond the limits of its authority...

[Khinshteyn] As a matter of fact, your words to the effect that you cannot vouch for your office's not being tapped have also been used against Korzhakov.

[Filatov] Why against Korzhakov? We have various structures and I do not know who can do that specifically. In addition, if you remember: I did not say that I am certain of that. I only said that I cannot vouch for anything. It is not that somebody has been giving me hints — "Now, you were saying such and such a thing over there" — I simply proceed from the behavior of my guests. There have been people who do not want to talk in the office, they write something down on a sheet of paper, or suggest that we get out. I have gotten out only once, however, when compromising materials on Barannikov arrived and the question of his dismissal had to be decided upon.

[Khinshteyn] It turns out that no one, even top government officials, is insured against covert operations of special services?

[Filatov] Let's put it this way: If you are tapped, then what grounds do they have to do so? Yes, an authorization by a prosecutor or by court. If this is done illegally, supervisory agencies must step in. Do we have such supervision? We don't. This is what I am talking about. And as long as we do not have such a mechanism, as long as there is no relevant legislation, I cannot give any guarantees. Nor you, as a matter of fact. [passage omitted]

Departments Deny Kozyrev, Primakov To Swap Jobs

LD0206123495 Moscow 2x2 Television in Russian 1200 GMT 2 Jun 95

[FBIS Translated Text] The Russian Foreign Ministry and Foreign Intelligence Service [SVR] have denied rumors that the heads of these departments — Andrey Kozyrev and Yevgeniy Primakov — intend to change places. As Tatyana Samoylis, press secretary to the SVR director, said in an interview for INTERFAX, the question of a personnel reshuffle in the government is not part of the terms of reference of the foreign intelligence services.

Government Sees Positive Turnaround in Economy

LD0106182695 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — At a Thursday sitting chaired by First Vice Prime Minister Oleg Soskovets, the Russian government declared that there appears to be changes for the better in the country's economy. Members of the Cabinet

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of Ministers made this conclusion on the results of the discussion of preliminary results of social-economic development in January-May.

According to Russia's First Vice Prime Minister Anatoliy Chubays, in April-May the situation in the national economy "radically changed." To prove this, Chubays presented data demonstrating that over the last two months the country managed to make progress with the non-payments situation in the national economy and to normalize the situation with wages.

According to Chairman of Russia's State Statistics Committee Yuriy Yurkov, in May the volume of industrial production exceeded the April level by 1% and the level of industrial production in May of 1994 - by 1%. Over five months of this year the fall in industrial output will be 4%, several times less than in January-May of last year, according to preliminary data. The fall in industrial production, Yurkov said, has been practically halted over the last 10-12 months.

At the same time Yurkov noted a more rapid May inflation rate - 7.5%, against the 5-6% forecast by the government.

In the estimate of Russia's First Deputy Economics Minister Ivan Materov, results of the country's economic development over the first five months coincide in general with the government program for deepening reforms in 1995- 1997.

Materov noted the substantial increase of export over five months - by 20% compared with the same period last year - as a positive fact. At the same time he added that growth of production is primarily accounted for by those sectors receiving supplies from abroad in the form of semi-finished goods. This concerns the iron and steel industry, textiles and several other sectors.

Summing up the results of the discussion, First Vice Prime Minister Oleg Soskovets demanded leaders of the federal ministries and departments strictly observe this year's budget parameters and that they make sure federal treasury funds are spent strictly on the purposes they are intended for.

Ponomarev Announces Creation of New Election Bloc

LD0106181895 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — At a press conference in the State Duma Thursday Co-Chairman of Democratic Russia movement Lev Ponomarev announced about the creation of a new election bloc.

He reported that the election bloc which was initially called Democratic Russia unites the movement and the federal party of the same name, the Peasant party (leader Yuriy Chernichenko), Free Democratic Party (deputy of the former Supreme Soviet Marina Salye) and the Party of Human Security (deputy of the former Supreme Soviet Nikolay Arzhannikov).

Ponomarev pointed out that consultations on possible joining of other political associations are being held, primarily with YABLoko, which he called "leader of Russia's all-democratic forces."

The Democratic Russia movement which, as Ponomarev said, is among Russia's five largest movements and the bloc of the same name come out under the slogan From the Power of Nomenclature to the Power of the People.

As Ponomarev reported, the bloc was created in order to prevent dual danger at the upcoming parliamentary elections, "possible restoration of the communist national-patriotic system and possible regeneration of the existing bureaucratic executive power in totalitarian one."

The address of the Democratic Russia election bloc points out that "having come to power Boris Yeltsin's nomenclature group has rather quickly moved away from the Democratic Russia party and from other democratic forces. Covering by pseudo-democratic demagogy the existing executive power implements reforms exclusively is its own interests. From 1993 it systematically liquidates democratic achievements of the previous years and has launched a war on Russia's territory against its citizens."

Gaydar Comments on Forthcoming Presidential Elections

LD0206121395 Moscow ITAR-TASS in English 1149 GMT 2 Jun 95

[By Aleksey Ogureyev]

[FBIS Transcribed Text] NEW YORK, June 2 (ITAR-TASS) — "It is now impossible to say who stands the highest chance of presidential nominations for the forthcoming elections in Russia", said prominent politician Yegor Gaydar, chairman of Russia's Democratic Choice party and head of the party's faction in the State Duma. He arrived in New York to participate in the work of an exhibition and a conference on capital investment into gold mining.

"The situation is rapidly changing", Gaydar told ITAR-TASS. "'The party of power' formed quite recently. There have been no serious surveys so far that would indicate people's reaction to that party. It will be possible to talk seriously on this theme after the parliamentary elections, when a political situation clarifies".

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Regarding the chances of leader of the LDPR [Liberal Democratic Party of Russia] Vladimir Zhirinovskiy, Gaydar said that, in his opinion, Zhirinovskiy "has passed his peak and is now going down the hill". "I would be extremely surprised if Zhirinovskiy repeated his success on party tickets at the next elections", he said.

Gaydar believes democrats made a number of mistakes in the approach to the previous parliamentary elections. The chief of their mistakes was lack of unity. "At least part of our friends are going to repeat that mistake. I hope that not all. Democrats cannot afford being disunited by the next election", Gaydar said.

Pamfilova To Top Republican Election Ticket

LD0106174595 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Former Russian social protection minister, Duma deputy Ella Pamfilova will top the list of the election association "Republican Party of Russia" (RPR). Pamfilova, who left the Russia's Choice faction in November 1994, announced this to a news conference in the State Duma on Thursday.

RPR leader Vladimir Lysenko said that their party is ready for cooperation with the organizations orientated towards "concrete social interests of people" and which value "the ideas and actions of constructive opposition to the government in the sphere of social-economic policy".

Speaking about the government's economic course, Pamfilova said that "the reforms failed in the country" and "though some elements did take place, their social price appeared too high".

She said the RPR has its own proposals on how to develop the system of local self-government, public influence on the authorities, on the reforms in the army.

Pamfilova also believes that it is necessary "to review" the privatization already held in the country preventing "the impoverished masses" from "another spiral of expropriation". She believes there is a need to launch an anti-crime campaign in the country, but it is necessary to "display firm political will and begin from those at the top".

Explaining to journalists the reasons for the RPR appearance at the election independently, Lysenko said that the consolidation of democratic movements is "impossible" today and this is evident from the recent talks between Grigoriy Yavlinskiy and Yegor Gaydar.

Ryzhkov May Stand for National-Patriotic Forces in Election

LD0106174495 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Former USSR prime minister Nikolay Ryzhkov may be proposed as the single candidate of the Russian national-patriotic forces for the post of Russian President at the elections in 1996, Chairman of the All Russian Officer Assembly, General Valentin Varennikov said today.

He told INTERFAX that Ryzhkov was now heading the organization committee for creating an electoral bloc of national-patriotic parties for Russian Unity.

Varennikov, the former USSR infantry commander-in-chief, said that the bloc "created as a counter-balance to the party of power (the Our Home Is Russia electoral bloc - IF) would include such influential forces as the Communist Party, the Agrarian Party, the Russian National Council, the Russian All People's Union.

However, the leaders of the Russian Communist and Agrarian parties earlier repeatedly stated that they were going to participate in the coming parliamentary elections on their own.

Varennikov said that the national-patriotic forces could also propose for the Russian presidency the candidacies of the Communist Party leader Gennadiy Zyuganov, the Russian Agrarian Union leader Vasiliy Starodubtsev, a Federation Council member Petr Romanov, the Orlov Region's administration chief Yuriy Stroyev and others.

'Realists,' Trade Unions To Form Electoral Bloc

LD0206115695 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] MOSCOW, June 2 (INTERFAX) — The League of Realists will sign an accord with the Russia's Trade Union Representation and the Russian United Industrial Party on the setting up of an electoral bloc, Yuriy Petrov, the league leader, told INTERFAX Friday.

"We are engaged in consultations with left-wing associations and movements which share our platform and are prepared to do constructive work. In particular, the league forms a movement For Revival of Russian Industry.

The league grew as a political movement from a Realists club last February. It has 23 local organizations covering 69 regions.

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Moscow Oblast Gangsters Held for Deputy's Murder

MM0106155795 Moscow TRUD in Russian 1 Jun 95 p 6

[Report by Aleksandr Danilkin: "Accused of Deputy's Murder"]

[FBIS Translated Text] A group of men suspected of murdering State Duma Deputy Sergey Skorochkin have been arrested in Kolomna city, near Moscow.

There have been several theories as to why Skorochkin was killed: elementary criminal score-settling; a vendetta between business rivals; or murder as a political act (as Liberal Democratic Party of Russia leader Vladimir Zhirinovskiy particularly insisted).

On 30 May last acting Russian General Prosecutor Aleksey Ilyushenko announced officially at a law-enforcement bodies' coordinating conference that Skorochkin's killers had been arrested.

Aleksandr Kartashov, chief of the Moscow Oblast regional directorate for combating organized crime, stated to TRUD's correspondent that a few days ago the oblast organized crime directorate really did arrest a criminal group that is also thought to have carried out Deputy Skorochkin's murder. Several members of the group had already confessed to committing crimes. There is every reason to believe that what was behind Sergey Skorochkin's murder was the wine and liquor sales market. According to information available, Skorochkin himself was the owner of several bottling plants and had dealings with this gang on more than one occasion.

According to information in the hands of the law-enforcement bodies, the gang has around 10 killings to its account. A detachment was operating on Moscow Oblast territory.

Aleksandr Kartashov thought it essential to add that, despite the fact that a large amount of damning evidence has already been assembled, only the court can ultimately name those now held as the murderers. The investigation is being conducted by the Moscow Oblast Prosecutor's Office.

Media Issues

Ignatenko To Resign as ITAR-TASS General Director

LD0106164895 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Vitaliy Ignatenko, whom Russian President Boris Yeltsin on Thursday appointed deputy prime minister, will resign as general director of the official ITAR-TASS news agency, informed sources said.

The new head is due to be appointed for ITAR-TASS within a few days and will most likely be Valentin Sergeyev, the prime minister's plenipotentiary representative, the sources told INTERFAX.

Military & Nuclear Issues

Lebed Says Defense Ministry Talked 'Toughly' With Him

LD0106184395 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 1 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Excerpt] Lieutenant General Lebed today returned to Tiraspol from Moscow, where he had taken part in parliamentary hearings on the situation surrounding the 14th Army.

At first journalists meeting General Lebed at the Tiraspol airdrome formed an impression that we see a man who has definitely decided to leave armed forces. However, the state of affairs turned out to be slightly different. [Video shows Lebed among journalists]

[Begin recording] [Lebed] I've come back to be in command of the army.

[Unidentified correspondent] How did they talk to you at the Defense Ministry, your superiors?

[Lebed] Toughly, toughly. The situation is still not clear, and I have nothing to say. My notice of resignation is the last opportunity to draw attention to the problem of arms, not to myself, but to the problem of arms, and to the present situation. [end recording] [passage omitted: background of Lebed's resignation]

Yeltsin Aide on Lebed Resignation

LD0206100595 Moscow Russian Television Network in Russian 0904 GMT 2 May 95

[From the "Delovaya Rossiya" program]

[FBIS Translated Text] Our correspondent has asked Mark Urnov to comment on General Lebed's resignation. The latter does not agree with the reduction of officer posts in the 14th Army. After his application for resignation was signed by Defense Minister Pavel Grachev, Aleksandr Lebed stated: Until the resignation is signed by the Supreme Commander of the Russian Armed Forces, President Boris Yeltsin, I remain in the post of commander of the 14th Army. What does Mark

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Urnov, the chief of the Analytical Directorate under the president, think about this?

[Begin Urnov recording] In fact, it was strange for me to see a general actively involved in politics. Really, if you are in the service, then you must serve. In my view, generals actively involved in political activities are a very dangerous phenomenon, as the army is made up of people with arms, and if the army is not subordinate to the directives issued by the army leadership, it is a straightforward step toward the army simply getting out of control. There is a certain logic in Lebed leaving the army. Lebed was a politicized general. [end recording]

Yeltsin To Make Final Decision

LD0206105495 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] MOSCOW, June 2 (INTERFAX) — All generals are appointed and dismissed by decrees of the Commander-in-Chief, the Defense Ministry said on Friday.

Only President Yeltsin will take the final decision on whether to dismiss General-Lieutenant Lebed from the army. Lebed is the commander of the 14th Russian Army deployed in Transdniestria.

Defense Minister Pavel Grachev signed General Lebed's resignation and sent it to President Yeltsin for consideration.

A Defense Ministry spokesman has said that General Lebed is entitled to a special pension since he has served over 20 years in the armed forces. The size of his pension will also depend on a number of other factors, such as rank, post and health.

A retired general receives a pension equivalent to up to 85% of his active-service pay.

Grachev Arrives in Nalchik for Military Equipment Show

LD0106142595 Moscow Mayak Radio Network in Russian 1400 GMT 1 Jun 95

[FBIS Translated Text] Russian Defense Minister Pavel Grachev arrived in Nalchik today to attend demonstration flights of the latest Russian military aircraft in the conditions of high mountainous terrain. Earlier, a plane landed at Nalchik airport carrying a large group of military attaches from 41 embassies accredited in Russia.

In an interview to INTERFAX Grachev said: "We purposely gathered all the military attaches together to show them what Russia is capable of doing, especially now when it is so strongly criticized and some people are allegedly saying that it has no army at all."

More on Grachev in Nalchik

LD0106164695 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] NALCHIK, Russia, June 1 (INTERFAX) — Russian Defense Minister Pavel Grachev arrived in the North Caucasus region of Kabardino-Balkaria on Thursday to watch demonstration flights to be performed in mountain areas by some of the latest types of Russian military aircraft.

Earlier on an aeroplane brought to the region's capital Nalchik military attaches from 41 embassies. They were welcomed by Kabardino-Balkarian President Valery Kokov and the leader of Georgia's breakaway province of Abkhazia, Vladislav Ardzinba, who came to the city several hours before.

"It was our special purpose to assemble all the military attaches and show them what Russia is capable of, especially nowadays when it is so much criticized, when they say it has no army etc.," said Grachev. "Of course, after the (Victory Day) parade of May 9 (in Moscow) they've become a bit more restrained. And today we'll show them reality."

The aircraft, which include the latest types of assault planes and helicopters, will take off from an airfield situated at an altitude of 2,800 meters above sea level. The purpose of the flights is to show how they can perform in the rarefied air of mountain regions. The craft will simulate assaults, the throwing around of traps and selective target kills.

"I'm sure that what the foreign military attaches will see today has no parallels in the world," Grachev said.

"Of course, what it is is to some extent advertising work, but we wish to show that our aircraft are at least no worse than the analogues the West is buying," he said.

Aircraft Demonstrations Completed

LD0106220195 Moscow INTERFAX in English 1954 GMT 1 Jun 95

[FBIS Transcribed Text] NALCHIK, June 1 (INTERFAX) — Demonstration of new models of Russian military planes, helicopters and precise armaments was successfully completed at a high-mountain site near the Elbrus Mountains (Kabardino-Balkaria) today, Commander-in-Chief of the Russian Military Air Forces, Colonel General Petr Deynekin told a press conference.

He said Russian Defense Minister Pavel Grachev who was present at the demonstration had highly praised the capacity of the aviation equipment and the professionalism of Russian pilots.

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Deynekin said that 40 military attaches had been shown modern military technology. The simultaneous launch of two highly precise missiles from one plane was a sensation for foreign military officials.

Deynekin said the flights were important not only as a demonstration but "also had an important ideological aspect."

"Because of the events in Chechnya some media have reacted very negatively to Russian armaments in order to shatter their glory. That is why we have invited professional intelligence officers and specially prepared military attaches to see how our aviation can destroy surface targets. Today, we showed the best our aviation industry has," Deynekin said.

When asked about the time for ending military actions in Chechnya, Deynekin said he was sure that "mothers in Chechnya will stop crying in a month."

Yeltsin 'Losing the Army' Over War in Chechnya

MM0106185795 Moscow TRUD in Russian 2 Jun 95 p 2

[Open letter from State Duma Deputy Major General Nikolay Stolyarov: "Stop the War, Mr. President!"]

[FBIS Translated Text] Major General Nikolay Stolyarov, a State Duma deputy, is sending an open letter to Russian President Boris Yeltsin, the supreme commander in chief.

"Boris Nikolayevich! It was your supreme will that gave impetus to the war in Chechnya. Six months ago the shooting of both right and wrong, civilians and combatants could still be explained (explained but not justified) by the need to preserve Russia's integrity. But it is now becoming increasingly obvious that military violence cannot be the means of solving the Chechnya problem. On the contrary, that problem is getting worse and worse. After all, dead tissue cannot be part of a living being. If parts of a living organism are violently destroyed, gangrene will rapidly infect the entire organism. This could happen to Russia too.

"Remember the damage done by the Afghan War — a war outside the country, not inside it — to the integrity of the Union. Society will inevitably be corrupted if unjust bloodshed becomes an ordinary, everyday occurrence. We can imagine how distressing for the mass consciousness and destructive for society the 'Chechnya syndrome' could become.

"This pointless war is not only destroying the economy and the environment. Irreparable damage is being done to the environment of the human soul. The souls of children who curl up into a ball at the sound of an artillery shell or a helicopter flying overhead will take a long time to become amenable to creativity.

"What is happening to the Army, whose commanders are traditionally raised on the need to defend the fatherland from external enemies? After all, the Chechnya war is being fought on Russian territory. Russians are being killed on both sides. Who can convince our servicemen that this war is being waged for a just cause? Who will defuse the anger caused by the deaths of their comrades? The hard line taken by combatants and their desire for vengeance grows with the speed of a chain reaction. And it becomes necessary to bring in more and more forces as a result. But this cannot go on indefinitely! There is a limit to everything.

"I have just come back from Chechnya; I talked to many officers and can judge the moral and psychological condition of the servicemen at first hand. I say what I think — **Boris Nikolayevich! You are losing the Army as supreme commander in chief.**

"As the man in whom supreme authority is vested, you have to make many different decisions. Including unpopular ones. That is your duty and your heavy cross. Sooner or later time justifies decisions made for reasons of state expediency. But history will never justify senseless bloodshed.

"Every politician, you included, has his own time in history. So, as you near the end of your political activity, make a tough decision which the people will greet with relief — stop the war! And that will be a real victory, a victory for common sense and human compassion — things that our sick society needs so much today...."

Effects of Fuel Drought on Army Viewed

MM0106132295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 May 95

[Article by Aleksandr Khokhlov: "Army Goes Hungry. Russian Defense Ministry Owes Fuel Suppliers Around 200 Billion Rubles"]

[FBIS Translated Text] Without fuel, military hardware is dead and turns into a heap of metal. It is stating the obvious to say that the supply of fuel to the Army and Navy in recent years has left a great deal to be desired. In 1994 the Army and Navy received only 55 percent of the oil products resources promised by the state (and clearly understated!)

During the glorious times of the "stagnation," full-flowing rivers of fuel used to pour in to the troops. The Ministry of Defense used to apply to the Council of Ministers for the quotas of oil products that were needed to ensure the Army's efficiency. The quotas would be

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confirmed, and the old USSR State Committee for the Supply of Petroleum Products would give the Armed Forces the whole authorized amount — on time and to the last drop.

Now, however, the Russian Ministry of Defense Central Directorate for Rocket Fuel is forced to conclude agreements with every individual enterprise. Prepayment is demanded everywhere. But money comes into the Ministry of Defense accounts from the budget in small quantities and extremely irregularly. The military simply cannot proceed according to the famous "money in the evening, goods in the morning" principle. Methods of "popular diplomacy" are being put into effect increasingly frequently.

As of today, the Ministry of Defense owes each and every supplier between 5 and 70 billion rubles [R]. The military's total debt to the oil refineries is around R220 billion.

"That is the situation," Colonel Aleksandr Burmistrov, chief of a directorate at the Russian Federation Ministry of Defense Central Directorate for Rocket Fuel, says. "We are saved by the fact that the Army still retains a centralized system for planning fuel supplies, and therefore there is a possibility of reacting efficiently to any problems that arise. And our military representatives at enterprises are working well. It is in many respects thanks only to this that we have been able to prevent every settlement from freezing this winter, make sure that combat alert was not interrupted, provide the troops engaged in combat actions in Chechnya with fuel, and get to work efficiently on eliminating the consequences of the earthquake on the Kurils.

The specialists at the central rocket fuel directorate have more and more problems every day. The main and biggest problem is insufficient funding. Funding "in portions," through injections of funds into the military economy two or three times a month, has given the Army fuel workers a lot of gray hairs: You will agree that it is not much fun to be patching "holes" and "dispersing" debts. And how much worry is involved in supplying the Russian Army units stationed in the near abroad — in Tajikistan, Moldova, Georgia, Uzbekistan, and Crimea?

Here is a special example. There is a military unit at the Embinskiy test range in Kazakhstan. It includes a residential area, the soldiers' barracks, a school, a preschool facility, and so on and so forth. They cannot do without fuel oil in the winter: People would freeze.

A Russian Federation Government decree is issued banning the export of fuel oil from Russia. The military sound the alarm and write letters to the government about making changes to the decree. How long documents "flit about" in bureaucrats' offices is well known. What is to be done? Specialists from the Russian Federation Ministry of Defense Central Directorate for Rocket Fuel begin "parallel" work with customs houses. The Orsk customs house bans the export of fuel oil, and it appears that agreement has been reached with Ufa. But... 10 tanks are stopped on the border and detained for 20 days. The commander of the Embinskiy unit sends a series of telegrams to Moscow, saying: "We have enough fuel oil for five days..., four days..., three..., two...."

Incidentally, the fuel oil situation in the troops is still "more or less" all right. When, on the basis of the budget ratified by the State Duma, the military received only half of the intended funds for fuel for 1995, it was decided not to "cut" the "fuel oil heading" under any circumstances — it represents heat and survival. The financial "blanket" is too short to cover everyone. So, no matter what, the Ministry of Defense will buy a miserly quantity of automobile gasoline and aviation kerosene this year. In the United States a military pilot completes 250-300 flying hours a year. In Russia last year pilots flew for an average of only 50 hours. What question can there be of combat training or combat readiness? Today only 1,500-2,000 tonnes of aviation kerosene arrives in the Russian Armed Forces every day.

We have all somehow been schooled that the military-industrial complex and the Army take most of the national asset for themselves. But here are the figures. Within the whole economy of the Russian Federation, the Ministry of Defense required up to 30 percent of aviation kerosene and only 3 percent of gasoline, diesel fuel, and fuel oil during the best years. By keeping the Army "hungry" for fuel, the state is cutting off its nose to spite its face. Really, is it worth getting indignant about how ill-trained a tank driver- mechanic fighting in Chechnya is if the first time the soldier has sat down at the levers of a combat vehicle with a full fuel tank was when the motherland sent him into battle to "establish constitutional order"...?

Nuclear Minister Accuses U.S. of 'Strong-Arm Pressure'

MM0106115495 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 1 Jun 95 p 7

[Report by Vladimir Kucherenko on interview with Viktor Mikhaylov, Russian minister of Atomic Energy; place and date not given: "Using Their Sword Against Our Shield. Who Loses From Russia Remaining a Leading Nuclear Power"]

[FBIS Translated Text] It can be said without exaggeration that Russia's nuclear sector (alongside its space

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sector) is the best and most advanced that we have today. Here is an area where the country can be a very strong competitor with the West, having garnered enormous forces for a leap forward.

The Fatherland's Shield

Minatom [the Ministry of Atomic Energy] represents first and foremost the defense potential of our motherland.

There is no alternative to nuclear weapons, Minatom boss V. Mikhaylov believes, as the country does not have high-precision weapons resistant enough to the antimissile protection of our probable opponents.

The world situation is far from cloudless, and weakened Russia still has many opponents. It is necessary to create a new system of nuclear weapons tests based on computers and mathematical models. This, for example, will require 182 billion rubles [R]. At the same time new, cheaper, and more effective nuclear munitions are being made which are particularly well protected against terrorists and saboteurs. Old weapons are being modernized, and models of weapons based on new physical principles are being developed. This means another R180 billion. On top of this, work is being done to develop shaped-charge [napravlennogo deystviya] high-explosive fragmentation munitions and armor-piercing shells capable of destroying armor 1.2 meters thick.

Our highly unique development projects include the "Buk," "Topol," and "Yenisey" nuclear motors for spacecraft, which are unparalleled worldwide. They can not only offer the country the chance to fly to other planets, securing a breakthrough into world high-technology markets, but will also strengthen the country's defenses. Because the reconnaissance satellites fitted with them are so powerful that they can detect the ultra-new noiseless U.S. submarines whose location cannot be identified any other way. R16 billion is needed for this work.

There is a shortage of money for defense work. It has to be earned. Incidentally, the same problems exist in the "peaceful domain."

Repositories of Power

In the civilian field too our "nuclear citadel" can provide the country with "mountains of riches and bottomless pits of power." Just one new 1-megawatt nuclear power station unit saves 2-3 million tonnes of oil. Selling this can earn $200-300 million. The lessons of Chernobyl have been learned, and safe third- and fourth-generation reactors have been developed.

We have water-cooled, water-moderated reactors — the VVER-500, VVER-1000, VPBER-600 and UVER-1200 — and MKR-800 pressure-tube reactors which are superior to their Western counterparts. We have developed high-speed BNM [expansion unknown] reactors which can make efficient use of weapons-grade plutonium. The BNM-600M has an enhanced economic performance. And a station of virtually any capacity can be "assembled" from modular BNM-170's.

To this day we remain the world leader in the development and production of nuclear marine engines. They could become the basis of mobile floating power stations for the North and the Far East. The thing is that these regions are currently suffering from an energy crisis, freezing in winter because of a shortage of oil and coal and being ruined by having to empty their pockets to buy expensive organic fuel! Floating nuclear power plants could provide these harsh areas with ample heat and light much more cheaply, paying for themselves in five-six years. A program for building such "mobiles" needs a total of R50-60 billion.

This is where we are today. But it is also necessary to think about the future. The department's scientific centers are in a serious situation, however. Whereas military research was 100-percent funded in 1994, the figure for civilian research was only 40 percent. Laboratories and installations are falling apart. This year funding of civilian projects is being cut by a further 34 percent.

If we destroy our science we will be left behind by the Americans and the Europeans too. They are discovering new sources of energy and will not need so much oil and gas. We will then be deprived of foreign currency receipts and will have nothing with which to buy the imports which we have used to replenish everything.

Nuclear science is far from fruitless knowledge. For example, work on high-energy physics has already led to the development of state-of-the-art technologies: superpowerful computer systems, tomographic scanners, and so forth. It has led to nuclear power station safety. We are on the threshold of solving the problem of nuclear power station waste and warhead disposal [utilizatsiya] — by irradiating the warheads with intensive neutron streams.

We can come down closer to earth, to developments which already exist. For example, Minatom has the potential to start production of modern microelectronics, super-pure materials, and — on this basis — supercomputers with a speed of operation of 1 billion operations per second. Plus telecommunications based on fiber optics, medical equipment of the "artificial kidney" type, rare-earth and super-pure metals, ozone-friendly freons, and so forth.

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The Tough Hand of the West

All these miracles need money. We cannot count completely on the budget. In 1994 Minatom was given only 80 percent of the planned budget appropriations, expenditure having been "cut" by R400 billion.

Can we count on private investments? Minatom projects do not hold out the promise of quick profits and do not fit into the investment program (which requires costs to be recouped in two-three years). Commercial orders from its own clients? Minatom's product is too specific and is under the control of the state.

The result is that one of the most realistic ways for our nuclear sector to survive is to move into foreign markets. If we get the money there we will be able both to sustain both defense and civilian work and to save the "scientific nucleus."

But the West is not allowing Minatom into its "preserve," shutting out Russian uranium with "anti-dumping" customs duties. Because of this we have lost the opportunity to earn almost half a billion dollars since 1992. Admittedly the United States "sweetened" the pill — creating the Nunn-Lugar fund to assist the dismantling of the USSR's nuclear weapons. It signed eight agreements with Minatom to the tune of $215 million. But even out of this sum only $15 million has been given. And not in money, but in equipment and services. And in exchange the Americans are demanding from us documentation on unique technologies which they do not possess.

Minatom therefore looked to the "Third World" — the DPRK, India, Brazil, South Korea, and Iran. Contracts worth $8.6 billion were signed. But here too the West has been wary.

Back in 1992 we agreed to build the "Bushehr-2" power station in the vicinity of the Persian Gulf, hoping to earn $800 million from this. This deal was a real life-saver for the Russian nuclear industry. But the United States and Israel kicked up a fuss. The Nuclear Nonproliferation Treaty (1968) was allegedly being violated. There were threats to refuse the Russian Federation credits, although Iran had long since joined the 1968 treaty and become a member of the IAEA — the international controller of the use of nuclear energy.

Our newspapers have already reported the remarks of a certain high-ranking American who compares Russia's nuclear complex with a monster which must be strangled. And U.S. Secretary of State W. Christopher stated a few days ago that that we are still cooperating with a "terrorist state."

This is very real strong-arm pressure, Minatom boss V. Mikhaylov considers. The West knew a long time ago that we intended to build a light-water reactor in Iran. North Korea only had to threaten to withdraw from the 1968 treaty for the United States to immediately pledge to build a light-water reactor in the DPRK. Of exactly the same type that we were contracted to build in Iran! And the IAEA has no complaints against us.

V. Mikhaylov is content with the results of the talks on this subject between the U.S. and Russian Federation presidents in May —we have not backed out of the deal although we did agree to work by a joint commission. On our side it will include the same old Minatom experts. Moreover, the secret materials which Clinton brought to Moscow and which were supposed to demonstrate to us "the sinister face of the Iranian military" fell manifestly short of being a sensation. The Americans were lumping together the reactors and the diesel-powered submarines sold to Tehran.

But the matter is still not closed. Even after the talks U.S. Secretary of State W. Christopher proposed to Russia that it abandon cooperation with "a terrorist state." As if there had never been any talks. As we can see, the weakening of our nuclear sector is beneficial to the West. Because it is a potential competitor on a world scale. America's nuclear scientists "don't need to worry" — the state allocates them $11.5 billion. Over there they zealously look after their "nuclear citadel," their treasurehouse of might and advanced technology, solicitously taking out its rivals.

There are probably very many people who would like to turn Russia into an island of backwardness, cheap raw materials, and traders in Snickers and exotic matryoshka dolls.

Soviet Atom Bomb Archives To Be Declassified Soon

MK0106131095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 1 Jun 95 p 1

[Unattributed report under the "Hold the Front Page!" rubric: "Russia To Declassify Documents on Creation of Atom Bomb This Year"]

[FBIS Translated Text] The government of Russia has started to implement the president's law "On the Preparation and Publication of an Official Collection of Archive Documents on the History of the Creation of Nuclear Weapons in the USSR."

MOSKOVSKIY KOMSOMOLETS has learned that a working group has been formed under Viktor Chernomyrdin's directive to study and formulate proposals on declassifying the archive documents. The Ministry

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of Atomic Energy, Defense Ministry, State Committee on the Defense Industry, Federal Security Service, Foreign Intelligence Service, Russian Archives Committee, and the Russian Academy of Sciences are supposed to draw up a list of such documents within three months. They will be declassified by the end of this year, and an official collection of the archive documents will be published as early as 1996.

Federal Assembly

Deputy Comments on Upper House Elections

MK0206062095 Moscow SEGODNYA in Russian 1 Jun 95 p 2

[Report by Yelena Tregubova under the "Interview" rubric: "Ramazan Abdulatipov Criticizes Senators and Sympathizes With Them. He Likes 'Our Home's' Host, But Is Worried About the Size of the 'House'"]

[FBIS Translated Text] As Federation Council Deputy Chairman Ramazan Abdulatipov said in an interview to your SEGODNYA correspondent, he intends to stand for the electoral system of forming the parliament's upper house. Abdulatipov is convinced that the wording used in the Constitution — "Two representatives from every Federation component enter the Federation Council: one each from representative and executive state power bodies" — can be interpreted as follows: Executive and legislative authorities of a region nominate several candidates, and people elect senators from their number. In his opinion, only elected governors — not appointed ones — should be allowed to be nominated for election to the senate.

The motivation of his stance is that "Under the present conditions of an immature finance allocation system and in view of the fact that 85 percent of the financial capital is concentrated in Moscow, local interests prevail on administration heads — not to fulfill the people's will, but to procure subsidies, credits, and so forth from the federal center."

In addition to being "an argument to procure money from the center," in Abdulatipov's opinion, governors regard the deputy's badge today as "some illusory guarantee of immunity after leaving office." "As long as there is no mechanism of normal resignation from the political scene, they leave either for the cemetery or for jail. And they are seeking protection from this under the status of deputy," he believes.

He believes that if the above factors are removed, "not a single governor would run for deputy." "I clearly see what torture it is for them to sit in the assembly hall! I watch them relieve one another: say, four have left and one keeps sitting on duty...," — thus did the senate's deputy chairman, who used to preside at sessions, share his observations.

As Abdulatipov lamented, a governor who "has left for the session, say, from Khabarovsk and has spent nine hours in a plane, comes there already exhausted, and in the afternoon he has to go to a ministry to straighten out his problems. He does not even have time to talk to an expert. Back in his region, pipelines can be coming apart, and he is on pins and needles in Moscow. He is doing his best not to go to the session. And the laws that are adopted look correspondingly...." As Ramazan Abdulatipov complained to SEGODNYA correspondent, "the Federation Council is often unable to fulfill even its protocol functions, since only 33 out of 175 persons work on a permanent basis; if it is composed entirely of those on temporary basis, however, the Federation Council, in fact, will not be working."

Abdulatipov believes that the main argument against administration heads' entering into the Federation Council in accordance with their position is that in this case, unlimited power will be granted to local elites, "which, in the majority of regions, are based on clan systems — where, then, can a common poor person go to complain about unlawful actions of a local bureaucrat?" (True, it should be noted that the scheme of "representative election" proposed by Abdulatipov will not save one from this, either, since the entire range of candidates will be determined by the same local authorities).

While giving such arguments, however, Ramazan Abdulatipov at the same time admits that it is "highly improbable" that the Federation Council — where today local leaders already prevail — would pass any law except for the one prescribing the formation of the house in accordance with its position. He thinks that, in general, the law on the formation of the Federal Council will not be adopted in the near future, "and some leaders of the house have already started to tell senators that as long as there is no law, the house will work in its present composition."

Ramazan Abdulatipov himself — not being a regional leader and, thus, having no chance to get into the new Federation Council — intends to run for State Duma deputy in a single-seat constituency.

Abdulatipov has not made up his mind yet on whether he should join any bloc, but says that he "sympathizes with Viktor Chernomyrdin as a person." "It was I who proposed him for the post of prime minister at the congress. Before that, I had met him several times when he was still the minister for the gas industry: Chernomyrdin helped my voters by building 10 km of gas pipeline," he explained. "If Viktor Chernomyrdin

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had not organized the Big Home, which everybody is joining, I would have gone to him anyway, as to a friend," Abdulatipov confessed. He expressed his doubts, however, with respect to a "too big a size" of this "Home:" "To my understanding, home always implies a family — something chamber-like, evoking trust. And this is not a Home, but some kind of a gym hall, or a club, or a caravanserai.... If anyone who wishes can get into this home only to indulge in eating and drinking there, why should I be a part of this heap?" Ramazan Abdulatipov lamented. He added immediately, however, that "in the interests of the republic he will probably have to go to this home, after all.... In order not to harm the republic, Abdulatipov seems to have stood aside."

State Duma Criticizes Government, Presidency

MM0106150595 Moscow PRAVDA ROSSII in Russian 1 Jun 95 p 1

["Own Information" report under the "Fact. Appraisal. Forecast" rubric: "In the State Duma]

[FBIS Translated Text] The Agrarian Party of Russia faction "could raise" the question of confidence in the government for "in effect ignoring completely" the demands made by the All-Russia Peasants' Assembly held 5 April in Moscow, while the agro-industrial complex workers' trade union "is already taking prestrike action."

This was stated at a press conference Wednesday by faction leader Mikhail Lapshin. He stressed that the committee coordinating collective action by agro-industrial complex workers, on whose initiative the All-Russia Assembly was held, "is thoroughly dissatisfied with government policy, which is aimed 'at destroying the tenor of economic life existing in the countryside at the present time,' at 'rediving the land through its liberal purchase and sale,' and at 'minimizing' state support for the agro-industrial complex."

As Lapshin put it, of all the Russian peasant assembly's demands the government has fulfilled just one: It has postponed the repayment — over 10 years from 1998 — of credits granted by the state to the agro-industrial complex in 1993-1994 and the interest on them.

At a press conference in the State Duma, Security Committee Chairman Viktor Ilyukhin announced that a question has been drawn up and submitted to the Russian Federation Constitutional Court "On the Interpretation of the Russian Federation Constitution in the Section Concerning the Guaranteeing of the Principle of the Separation of State Powers in the Russian Federation Between the Legislature, the Executive, and the Judiciary" and "On Whether the 'Statute on Nationwide Voting' on the Draft Russian Federation Constitution of 12 December 1993, as ratified by Russian Federation Presidential Edict No. 1633 of 15 October 1993, was in Accordance With the Russian Federation Constitution."

The essence of the question is that the relevant articles of the Constitution turn out to contain direct contradictions in the interpretation of the relationship between the executive and the legislature. The State Duma's view is that these contradictions must be removed, that is, ruled inoperative. In addition, the question draws attention to the indeterminate legal status of the institution of the Russian Federation presidency, which proves not to relate to any branch of state power even though it has assumed the attributes of power. The present regime seems to have "forgotten" that this kind of seizure of power can be prosecuted in law. Viktor Ilyukhin expressed the fear that in this situation the actions of the president and the executive power structures could prove simply nonlegitimate and unconstitutional and could place a lot of state decisions made in the past outside the law.

Deputy Filatov Linked to Criminal Elements

954F2375A Moscow KOMSOMOLSKAYA PRAVDA in Russian 23 May 95 pp 1-2

[Article by KOMSOMOLSKAYA PRAVDA correspondent Andrey Konstantinov: "State Duma Deputy Filatov Took on 'Crime Boss' Folk as Aides"]

[FBIS Translated Text] St. Petersburg — On 7 April of this year, at approximately 1600 in St. Petersburg on Suvorovskiy Prospekt, near the Greta Cafe, three gangster automobiles blocked the way of a car carrying some officers of the St. Petersburg Regional Administration on the Fight against Organized Crime [RUOP]. An exchange of fire ensued, as a result of which a RUOP officer, senior police lieutenant Vladimir Trotsenko, was fatally wounded.

According to valuable information from the RUOP, the RUOP officers' car had been fired on by gangsters belonging to the so-called Kazan criminal association — one of the strongest in St. Petersburg. The RUOP's response was decisive; over several days in the city raids were conducted in "areas of concentration of criminal elements," in the course of which several hundreds of persons were detained. This operation, unprecedented in its scale, had repercussions, of course; RUOP was showered with complaints and reproaches for groundless arrests and for crude, discourteous methods. Immediately after the Victory Day holiday, the St. Petersburg city assembly decided to listen to the RUOP leadership (the complaints, by the way, had come from the most various levels, including from the State Duma). While listening to the St. Petersburg RUOP leadership, we managed to get information that allowed KOMSO-

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MOLSKAYA PRAVDA to conduct its own investigation, which yielded surprising results.

During the raids that the RUOP people carried out in bars, restaurants, and discotheques, several aides of State Duma Deputy Aleksandr Valentinovich Filatov were arrested; however, the extraordinary thing was not the fact that aides to the LDPR [Liberal Democratic Party of Russia] faction member in the State Duma go to restaurants and discotheques—after all, anybody has the right to do that. The police officers were surprised, to say the least, by the circumstance that they were presented with certification as aides to the people's deputy by men who were so well known to them that the RUOP officers at first decided that the presented documents were fake.... However, a letter from Deputy Filatov to Internal Affairs Minister Yerin, of 20 April, No. 943/2, made it clear: "....I wish to inform you that all of the certification of the deputy aides were drawn up and received from the personnel department of the Duma of the Federal Assembly of the Russian Federation according to the established rules and after the necessary formalities connected with the work routine in the state institutions." Further, Filatov expressed perplexity regarding the fact that his aides had been arrested by the St. Petersburg RUOP, which was carrying out functions of political security, which do not belong to it.

Who are these deputy aides who had become the subjects of correspondence with the minister of internal affairs? These people really have become familiar in St. Petersburg: Mikhail Ivanovich Glushchenko, more widely known by his nickname, Khokhol, "moved into the spotlight" in 1989, during the historic showdown in Devyatkino between the Tambovites and the Malyshevites. At that time, in the words of eyewitnesses, Glushchenko did not flinch at going up bare-chested against a submachine gun, which earned him great authority among his cronies. Glushchenko is an international-class master of sport in boxing; he has been convicted for criminal activity and is registered with the psychological-neurological health clinic, which has allowed him in a number of cases to avoid having criminal proceedings instituted against him (upon finding himself at the police station, according to the testimony of an eyewitness, Glushchenko liked to talk about how he had at one time been recruited by the Turkish intelligence service, and how at the present time he was planning a number of terrorist actions at a tank plant in a certain Russian town. It later transpired that there had never been anything more strategic in that town than a mowing-machine repair shop.) Mikhail Glushchenko is considered one of the leaders of the Tambov association. From 1992 to 1995, several attempts were made on his life, but he escaped. An aide to LDPR faction State Duma Deputy Aleksandr Filatov, he himself is a member of the LDPR and occupies the post of St. Petersburg adviser. Certification No. 3344.

The second aide of the same deputy, Aleksandr Zhanovich Baskakov, has been convicted for criminal activity and is well known in the Tambov association. Certification No. 3350.

The third aide of Deputy Filatov, Andrey Alekseyevich Rybkin, is one of the famed "Rybkin brothers," widely known in St. Petersburg's gangster circles. Certification No. 3355.

The fourth aide is a certain Oleg Aleksandrovich Sevryugin, who has been convicted for criminal activity and lives in the city of Ryazan. Certification No. 4039.

You must agree that such a strange orientation in the choice of his aides by a State Duma deputy cannot fail to raise questions because not a single deputy chooses an aide from off the street. In general, when a person picks out a team for himself, as a rule he lets himself be guided by the old principle, "Love must be requited." Each side must gain something. It is fairly obvious what was gained by the deputy aides enumerated above — they raised their importance, their image, and they expanded the sphere of their opportunities. What the deputy gets out of such an alliance, we can only surmise.

One thing is inarguable, though: Such a union discredits the authorities and undermines the faith of those people who elected them. In not a single civilized country in the world could a deputy ever afford to have as aides people who are well known in organized crime circles. Our deputy corps, perhaps, can no longer be surprised by anything.

On 2 February 1995, police officers discovered in the environs of Moscow, not far from the village of Sarybyevo, the corpse of State Duma Deputy Sergey Skorochkin, a member of the LDPR faction. At one time, Skorochkin had achieved fame after a criminal adventure that took place on 1 May 1994, when he shot a citizen named Irakliy Shanidze. They were not able to institute criminal proceedings against Skorochkin because he had deputy immunity. According to the law enforcement organs' version, Skorochkin was killed as a result of criminal feuding.

Still earlier, on 26 April 1994, State Duma Deputy Andrey Ayzderdzis was killed by gunshot. Officers of the law enforcement organs believe that the murder of this deputy was also a consequence of purely criminal, gangster, feuding. However, every time the police or the procuracy attempts to unwind some crime and during the course of the work leans on the figure of a

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deputy, the investigation practically comes to a halt. The deputies, time after time, have voted for the immutability of the principle of deputy immunity. According to data of the General Procuracy published in the spring of 1995, every second deputy has walked away from criminal liability. The law enforcement organs would like to put a number of interesting questions to 334 of the people's representatives; in reality, however, criminal proceedings have been instituted against only 16 of them.

What are we talking about deputies for, if on 12 June 1994, next to President Yeltsin, even, one noticed the thrice-convicted crime boss Vladimir Podatev, nicknamed Poodle (a member of the commission on human rights of the public chamber of the Office of the President of the Russian Federation).

The process of marriages and alliances of the authorities with the bosses of the state within a state is taking on a truly snowball character. An aide to Deputy Gvozdarev, for example, is Aleksandr Yevgenyevich Yefimov, better known in certain St. Petersburg circles by the nickname, Yefim. Deputy Nevzorov is aided in his difficult lawmaking toil by Ruslan Artemyevich Kolyak, whom many remember in St. Petersburg for his recent activity in the Pulkovskaya Hotel. Perhaps such a fashion has appeared among the deputies? We also cannot do without curious incidents — fairly horrific ones, it is true. On 10 May 1995, on Prospekt Nauki, three citizens attempted to hold up the Yunona cooperative shop, wounding a saleswoman in the thigh with a knife and taking from her 30,000 rubles. A police squad was able to arrest one of the three; the two others disappeared. The arrested man turned out to be G.V. Belyayev, aide to State Duma Deputy Marychev. So maybe it is not worth getting surprised at the fact that in actuality all the cries about fighting organized crime and gang violence are no more than declarations directed simply at making fools of the voters? Maybe it is not worth getting surprised over the fact that to this very day in our country, not a single anti-mafia policy has been worked out, let alone put into practice, which should have been directed in the fight against the leaders of organized crime. In the entire civilized world, it is in just this way that they operate: They forcefully and brutally strike at the top rung of the mafia, blasting its economic and political relations, and they deal much more mildly with the lower levels, leaving them a chance for correction and cooperation with the law enforcement organs. Here, it is all the other way around; no one is striking at the top, and the chaotic blows of the law enforcement organs are directed only at the lower levels. What kind of result can that bring? Those rank-and-file gangsters who are brought to trial and wind up in prison camps are hardly likely to return from them as normal people, and only one path will be open for them — back to the gangs. From the moment that they are in the camps (nature abhors a vacuum), new "bulls" will be recruited to take their place. So today our state is itself engaged in that which objectively expands the base of the gangster human resources....

Here is another interesting thing: If we return to Deputy Filatov's aides, Glushchenko, Baskakov, Sevryugin, and Rybkin, then at the present time all inquiries about them (so-called "tusovki") come back clean, without any mention of prior convictions. They say that this was made possible thanks to the wise order of the minister of internal affairs, to the effect that this information after a certain time should be deleted from the computers....

There are rumors that in the near future, the question of the review of the boundaries of deputy immunity will again be on the State Duma's agenda. The results of the voting on this question will hardly surprise anyone.

O my Motherland, where, oh where, are you heading?

Regional Affairs

Ingush Official: Still No Information on Cuny

LD0106214995 Moscow INTERFAX in English 1954 GMT 1 Jun 95

[FBIS Transcribed Text] NAZRAN, June 1 (INTERFAX) — There is still no information about the U.S. citizen Fred Cuny, Soros Fund representative, and his three companions who disappeared more than a month ago between the settlements of Achkhoy-Martan and Bamut, in Chechnya, Kureish Agasiyev, Ingush president's press secretary, told INTERFAX Wednesday.

Ingush President Ruslan Aushev ordered the formation of a special group to search for them.

Agasiyev also said that the information given recently by some media that Cuny's body was allegedly found is wrong.

Some sources say that, on learning about the disappearance of Cuny, Dzhokhar Dudayev also ordered the formation of a search group.

Cuny's son is now in Nazran hoping that either side will discover something about what has happened to his father.

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Search Continues for Peace Settlement in Chechnya

OSCE Spokesman Comments on Talks

LD0106094195 Moscow ITAR-TASS in English 0934 GMT 1 Jun 95

[By Alesander Kuzmin]

[FBIS Transcribed Text] VIENNA, June 1 (ITAR-TASS) — The leadership of the Organization for Security and Cooperation in Europe [OSCE] have not yet been officially familiarized with the plan for a peaceful settlement of the Chechen crisis which supporters of separatist Chechen leader Dzhokhar Dudayev intend to submit to peace talks under the OSCE auspices, an OSCE spokesman told Tass on Thursday.

The date of the resumption of talks is unknown either.

Well-informed sources close to Dudayev told Tass on Wednesday that the second round of talks under the OSCE auspices will supposedly start on June 10 in Groznyy.

Dudayev's supporters announced their intention to put forward a peace plan in the Chechen capital, the first stage of which stipulates a ceasefire.

The next step, according to the plan, is the withdrawal of the federal troops to the north of republic beyond the Rostov-Baku highway which cuts Chechnya from west to east and the creation of a buffer "peace zone".

OSCE leaders pin great hopes on the talks which were initiated in Groznyy on May 25, the spokesman said. Members of the OSCE mission intend to arrive in Vienna next week to inform the OSCE standing committee on the latest developments.

According to the spokesman, the first round of talks demonstrated the serious attitudes of the conflicting parties to the OSCE initiative and their readiness to hold talks on the possibility of a cessation of hostilities and searching a peace solution to the conflict.

Both sides showed a constructive approach to the talks, and all of their statements were demonstrative of their readiness not to let slip the chance, he said.

The conflicting sides tried to evade touching upon subjects which might make the continuation of talks impossible, the spokesman stressed.

No Results From OSCE Talks

LD0106183395 Moscow ITAR-TASS World Service in Russian 1705 GMT 1 Jun 95

[By ITAR-TASS correspondents Mikhail Shevtsov and Nadezhda Chaykova]

[FBIS Translated Text] Moscow, 1 Jun—The members of the OSCE [Organization for Security and Cooperation in Europe] mission in Chechnya have refused at present to hold peace settlement consultations with Dzhokhar Dudayev's representatives. Today's meeting at the populated center of Shatoy between Usman Imayev, head of Dudayev's negotiating group, and Sandor Meszaros, head of the OSCE mission in Chechnya, ended without producing any results. ITAR-TASS was informed of this by telephone by sources in Dudayev's entourage.

According to these sources, the OSCE representative arrived for the meeting three hours late. After apologizing for his failure to appear at the meeting scheduled for Wednesday and for his lateness today he "said, citing a number of circumstances, that it is not possible at present to hold consultative meetings with Dudayev's representatives." At the same time, the OSCE does not rule out a continuation of contacts in the future, Dudayev's representatives reported.

Let us recall that at today's meeting, the Dudayev side intended to determine the exact time for the next round of talks on a peaceful settlement and to discuss their new proposals for them. The essence of Dudayev's new proposals is that the federal troops should retreat beyond the Rostov-Baku road from the republic's southern foothills and create "a peace zone" there, which would be controlled by subunits of the internal affairs ministries of the North Caucasian republics or other subunits, in accordance with a mutual accord. In the event of these accords being reached, the Dudayev side would allegedly consent to stockpile its weapons in certain centers under the control of international organizations.

Chechens Back Sobchak Plan

LD0106173995 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 1 Jun 95

[FBIS Translated Text] Galina Starovoytova, cochairman of the Democratic Russia party, told us today that peace talks on the settlement of the Chechen crisis have started in St. Petersburg. She said they are being held at the initiative of human rights organizations in St. Petersburg and of Mayor Anatoliy Sobchak.

INTERFAX has also confirmed that Khodzhakhmed Yerikhanov, Dzhokhar Dudayev's representative, arrived in St. Petersburg for talks on settling the conflict

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in Chechnya. The agency quoted Antuan Arakelyan, a human rights activist acting as an intermediary in the talks at the instruction of Mayor Sobchak. Arakelyan said that Dudayev and his close supporters have acknowledged the Petersburg settlement plan as "correct and realistic." The settlement plan proposed by Mayor Sobchak provides for stopping the hostilities and withdrawing Russian troops from the territory of Chechnya within six months of a cease-fire agreement.

Usman Imayev, prosecutor general of Chechnya, has also confirmed that the talks—called a roundtable discussion—have indeed taken place. However, he expressed a doubt that such talks were legitimate and that the two sides had the authority to hold meetings of this kind.

[Begin Imayev recording] The fact is that the Russian side has not yet confirmed officially that these are its official talks. What we have is an unofficial confirmation received by Sobchak, but he has not so far been formally authorized to carry out this task. Of course, we would very much like Anatoliy Sobchak—whom we all respect as a person and a democrat—to be able to achieve something in the settlement of this issue. [end recording]

Imayev, who represented Dudayev at the recent talks in Groznyy under the aegis of the OSCE [Organization for Security and Cooperation in Europe], also said in an interview with our radio station that the Chechen side was breaking off the talks.

[Begin Imayev recording] Instead of complying with the request of the OSCE chairman to halt the hostilities while the talks are in progress, the Russian side stepped them up, displaying once again its intention to settle this issue by no other means except force. I spoke to the OSCE group today, and they are simply dismayed by the instability of the Russian Federation policy with regard to these talks. I informed the OCSE today, but not yet the Russian side. [end recording]

In the past 24 hours, 10 servicemen of the federal troops were killed and 13 wounded, a spokesman of the joint group of the federal forces revealed today. He denied reports of Dudayev supporters that Russian units have allegedly been blocked by irregulars in mountain gorges.

Talks Begin in St. Petersburg

LD0106193095 Moscow Radiostantsiya Ekho Moskvy in Russian 1800 GMT 1 Jun 95

[FBIS Translated Excerpt] Galina Starovoytova, cochairman of the Democratic Russia Party, told us today that peace talks on a settlement of the Chechen crisis have started in St. Petersburg:

[Begin Starovoytova recording] Taking part in the talks are St. Petersburg Mayor Anatoliy Sobchak; Yuriy Kravtsov, chairman of the legislative assembly; Antuan Arakelyan, head of the congress of St. Petersburg's ethnic communities; and special envoy Professor Khodzhakhmed Yerikhanov, Dzhokhar Dudayev's plenipotentiary representative and member of the government of the Chechen republic. Unlike the talks that were conducted recently in Groznyy, the St. Petersburg government has certain powers for holding these talks. [end recording]

The settlement plans proposed by St. Petersburg' mayor provide for a cessation of combat operations and a withdrawal of the Russian Army from the territory of Chechnya within six months of a cease-fire agreement.

Dudayev's representative at the St. Petersburg talks Yerikhanov confirmed that this scheme suits the Chechen side:

[Begin Yerikhanov recording] The Chechen side has agreed with the plan being proposed by Sobchak and has shown readiness, simultaneously with the withdrawal of the troops, to start disarming its own armed formations. [end recording] [passage omitted]

With regard to the continuation of the talks under the aegis of the OSCE, Imayev regards them as impossible, at least until Russia suspends combat operations. Moreover, Chechnya's general procurator believes that this matter should be examined at the UN Security Council or at an extraordinary meeting of the OSCE.

Meanwhile, the human rights commission under Russia's president is not satisfied with the OSCE mission's work to settle the Chechen crisis, our radio station was told in a live interview by Sergey Sirotkin, the commission's deputy chairman. He believes that the effectiveness of this group's work is so far close to zero.

Dudayev Official: Further Talks Impossible

LD0206110895 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] ARSHTY (Chechnya), June 1 (INTERFAX) — Dzhokhar Dudayev's representatives declared Thursday night that further talks with Russia's authorities were impossible.

In a statement sent to INTERFAX, Usman Imayev, one of Dudayev's close aides, declared that "proceeding from the situation that has emerged, talks with Russia can resume only after it suspends military actions on the territory of Chechnya."

Negotiations can resume, the document says, "after the situation in Chechnya is reviewed in the UN Security

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Council or at a session of the OSCE or [Organization for Security and Confidence in Europe] any other body or a state that can stop genocide against the Chechen people."

Imayev explained that by saying "the situation that has emerged", he meant "unceasing and ever mounting air raids, the rocket, artillery, and mortar shelling of communities in Chechnya."

"Of the republic's 421 communities, 387 have been subjected to such shelling, 17 of them have been wiped out," the statement notes.

As an example, Imayev cites the Kharsenoy village, where, according to him, all 25 homes have been destroyed.

The Chechen side also claims that despite the OSCE pleas to halt fighting for the time of negotiations, federal troops have escalated military actions.

Reconciliation Conference Planned

LD0106115795 Moscow ITAR-TASS in English 1100 GMT 1 Jun 95

[By Valeriy Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ, June 1 (ITAR-TASS) — Agreement has been reached that a conference on national accord and reconciliation in Chechnya will be held here in the first half of June, with a Charter on National Accord expected to be signed, Shmidt Dzoblayev, member of the Public Chamber to the President of Russia and Secretary of the Assembly of the National-Democratic and Patriotic Forces of Russia, told ITAR-TASS on Thursday.

A procedure and conditions for the holding of the Conference were discussed during meetings and talks with the leaders of North Caucasus republics in recent days, Dzoblayev said.

The basic ideas of the Charter are to reconcile all forces of Chechnya and representatives of all political views and positions. Ideas connected with the preparation and holding of elections to State Power bodies of the Chechen Republic on the basis of the Constitution and laws of the Russian federation are also inherent in the prospective Charter, Dzoblayev pointed out.

Representatives of the President and government of Russia are expected to participate in arrangements for the Conference. It was also proposed that the leaders of republics, territories and regions of the North Caucasus be invited to the Conference.

The Chechen crisis should not be isolated from the overall socio-political situation in the region. The events taking place here have an adverse effect on the entire Southern Russia. The Caucasus should become a region of peace and accord, not confrontation, Dzoblayev said.

Update on Battlefield Situation in Chechnya

Kharsenoy Village 'Wiped Out'

LD0106123095 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] ARSHTY, Chechnya, June 1 (INTERFAX) — Russia's combat aircraft dealt more rocket and bomb strikes on mountain areas in Chechnya on Thursday. The Chechen armed formations' headquarters have said that particularly intensive bombardments were carried out against communities in the Shatoy district in southern Chechnya.

Chechen sources said the Kharsenoy village 15 kilometers West of Shatoy, with a mere 25 homes, was wiped out and several dozen bodies were recovered from the debris.

Corridor Opened for Refugees

LD0106181495 Moscow ITAR-TASS in English 1735 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (ITAR-TASS) — The command of Russian Federal troops deployed in Chechnya has resolved to open a corridor for the exodus of peaceful civilians from the area of hostilities in the Shatoy and Utum-Kalinskiy regions of Chechnya. The corridor, scheduled to open on June 2, will stay open for civilians since 10.00 a.m. until 19 p.m. Friday. The move shows that the Russian commanders decided to satisfy the request of the Chechen elders and the Chechen committee for national accord.

The corridor is expected to run via the settlements of Shatoy - Bolshaya Varanda - Martan-Chu - Urus-Martan - Groznyy.

The Federal information department reported that on Thursday, a delegation of the Chechen elders and representatives of the Chechen committee for national accord had left Groznyy to go through the designated corridor to bring to the notice of the local population an address to illegal armed formations demanding to put an end to the bloodshed in Chechnya.

Over 300 People Flee Combat Zone

LD0206112495 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] GROZNYY, June 2 (INTERFAX) — Over 300 civilians used safety corridors to

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leave the combat area in the foothills of southern Chechnya. A federal military spokesman told INTERFAX that 16 trucks were made available to bring them to safety.

He said that the federal troops unilaterally ceased hostilities again at 10:00 on June 2 and created safety corridors for civilians in the areas where the federal units had mounted an attack. The spokesman said that despite the ceasefire the separatists continued to shell the federal positions wounding several servicemen.

He admitted that Dudayev's fighters could leave the area with the civilians.

The spokesman said that while active hostilities were suspended for the period while civilians leave the combat zone the federal units regrouped.

He promised that the destruction of illegal militias will be continued and brought to a successful conclusion as long as the orders are in place.

Federal Forces Claim Advances

LD0106183495 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] MOZDOK, June 1 (INTERFAX) — Over the past 24 hours the federal forces in Chechnya destroyed 123 fighters, 10 armored vehicles and four bases of Dudayev's fighters, a source in the Combined Command of Federal Forces reported to INTERFAX Thursday.

In addition, he said that the federal forces neutralized 30 firing positions and four air defense firing positions.

According to the source, federal forces' detachments were successfully waging an offensive in the direction of Agishty-Kirov-Yurt and Avtury-Benoi and have consolidated their hold on the new positions. In his words, interior forces have successfully fulfilled tasks to prevent movements of fighters in the foothills of the Central Caucasian Mountain Range and to block routes out of the canyons.

One sniper was killed, six submachine guns, three grenades, three mines, more than 1,200 cartridges for small arms were confiscated as a result of measures aimed at enforcing the curfew implemented in Grozny on Wednesday night. Posts of the federal forces in the city were repeatedly subjected to shelling, however, there were no losses.

As many as 15 passenger and six cargo trains were escorted without incident through Chechnya by the transport militia's OMON [special purpose militia detachment].

Federal Forces Launch Air Raids

LD0206064795 Moscow ITAR-TASS in English 0634 GMT 2 Jun 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY, June 2 (ITAR-TASS) — The roar of heavy bombers could be heard in the highland part of Chechnya since early morning today. The echo of bomb explosions cannot be heard in Groznyy, but judging by the number of aircraft flying over the city, today's air raids on the Chechen positions in the Argun and Khunkhulao river gorges appear to be the most powerful ones since the beginning of the hostilities in the highland part of the republic.

According to eyewitnesses, who arrived here from Vedeno last night, this principal stronghold of Dudayev's fighters is practically doomed. The building of Dudayev's chief headquarters in the centre of the village was blasted to smithereens by a direct heavy-bomb hit. One member of the staff was killed and two others wounded.

The Russian troops are continuing their advance into the gorge and can already fire directly at Vedeno.

The picture is similar in the Shatoysk area. Dudayev's men are putting up fierce resistance in an attempt to stem the advance of the Russian troops.

Ilyukhin, Gromov, FSB Cited on Chechen Terrorism Threat

MM0106145495 Moscow TRUD in Russian 1 Jun 95 p 1

["Express Poll" feature by Nikolay Dorofeyev, Olga Solomonova, and Nina Fokina: "Cross the Street and Find Yourself at War"]

[FBIS Translated Excerpt] The Chechen war is not dying down. What is more, field commanders have asked Dudayev to transfer combat operations from Chechnya to all Russia. What was the reaction to this statement from Russian politicians and ordinary citizens who so far are fortunately far-removed from the war?

State Duma Deputy Vladimir Lysenko:

I take a fairly suspicious view of this kind of report.

First, there have already been frequent reports that Dudayev has sent guerrillas to Moscow and other cities to organize acts of terrorism. This was subsequently unconfirmed and denied by the Chechen side.

Second, there is an influential Chechen diaspora outside Chechnya on Russian territory, which has warned Dudayev that in the event of any armed operations outside

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Chechnya he will lose both their financial and moral support and foreign aid. [Lysenko ends]

Viktor Ilyukhin, chairman of the Russian Federation State Duma Security Committee:

In my view there will be no transfer of full-scale war to the Russian heartland. But we must be prepared for sabotage: explosions, arson, and also acts of terrorism against public figures and politicians. That is feasible. What is more, I think that a "Chechen hand" is behind many acts of terrorism that have already occurred on Russian territory.

Whether our law-enforcement organs and special services are able to counter this wave of terrorism is another matter. I think that they have sufficient physical and technical potential, and money too. There is also the experience that they have accumulated in the North Caucasus. The only thing that they have to do is somewhat modify the thrust of their activity. For instance, stop keeping tabs on political leaders. [Ilyukhin ends] [passage omitted]

Hero of the Soviet Union Colonel General Boris Gromov:

Politicians and the military commanders who carry out their orders should have thought of all the possible consequences and scenarios when undertaking the war. Military science requires commanders of all ranks to assess all questions without exception, primarily the nature of the enemy's actions. The expansion of the armed conflict zone cannot be ruled out. The use of sabotage is one means of opposition in the war. Back last December I warned everyone about the ill-advised nature of the operation in Chechnya. I hope that the level and experience of the troops' leadership in Chechnya, which is already well and truly covered in the blood of our soldiers and officers, will enable the "outstanding commanders" to employ every effort and means to prevent this. I also hope for reason from Chechnya's leaders, who realize that planning and implementing any action against the Russian people in any part of Russia is as criminal as this entire war. [Gromov ends]

Incidentally

"One cannot rule out the possibility of the most foolhardy actions on the part of the criminals whose hands are steeped in blood, especially since today Dudayev's formations are on the brink of total defeat and have in effect already been routed," a spokesman for the Federal Security Service [FSB] Public Relations Center said.

He stressed that in these conditions the FSB and other Russian law-enforcement organs are taking every step to localize in a timely fashion and, if necessary, resolutely suppress any acts of sabotage and terrorism on their part.

Chechen Terror Threat More Rhetorical Than Real

MM0106144595 Moscow PRAVDA in Russian 1 Jun 95 p 1

[Report by Nikolay Kozhanov: "Relying on Terror. Threats From Chechen Gunmen"]

[FBIS Translated Text] According to the latest reports from Chechnya, field commanders have demanded that Dzhokhar Dudayev move the hostilities against federal troops out of the republic — that is, into other parts of Russia. Realistically this would mean organizing acts of terrorism and sabotage in all parts of the country with the help of the Caucasian diaspora.

Well-known experts are making different assessments of this step, which, were it carried out, would be suicidal for its initiators above all. Some simply brushed it aside, saying that there is enough disinformation produced from that quarter every day. The other day MOSKOVSKIY KOMSOMOLETS "removed" at one fell swoop the two leaders of the Chechen Committee of National Accord (both Avturkhanov and Khadzhiyev), presenting Dzhokhar as virtually the only leader to whom Moscow is prepared to talk.

But things are actually different. According to information from military sources, including Dudayev supporters, the federal forces' offensive that was begun on 24 May has sharply changed the situation on the front line — and not in favor of the gunmen. Over the past few days Russian subunits have seized a number of strategically important heights and fortified points. Judging by everything, the Dudayev supporters are being laid low by heavy losses to their manpower, which is hardly surprising given the intensive bombing raids and artillery and mortar bombardments. The troops have moved right up to the mouths of the Argun and Vedenskaya Valleys, giving the enemy less and less room to maneuver or to replenish its forces and regroup.

According to information obtained by ITAR-TASS, the federal forces' command proposes opening the roads leading from the mountain region of Chechnya for refugees on Thursday 1 June, and to stop the shelling for three hours so as to give the civilian population a chance to leave the danger zone. In the future Dzhokhar will be left only with mountains where there is no food, ammunition, population, or reserves. In this light the call to "move the war onto enemy territory" smacks more of a gesture of despair by adventurers taking their last shot before inevitably being totally routed. A gesture which, at the same time, cannot be simply ignored. Despair on

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the part of the defeated is dangerous, because people with their backs to the wall have nothing to lose.

That is how we should view the nightly bombardments of guard posts and headquarters in resurgent Groznyy, the attacks on border posts, and the sabotage at oil storage depots. The recent arrest in the combat zone of a Turkish intelligence agent posing as a journalist but captured carrying a weapon shows whose secret support the dying Dudayev regime is trying to rely on. A regime which did not hesitate to plunge its people into the furnace of a destructive war unparalleled in its senselessness.

Restoration of Chechen Social Sector To Cost R5.7 Trillion

LD3105192295 Moscow ITAR-TASS in English 1455 GMT 31 May 95

[By Gennady Yezhov]

[FBIS Transcribed Text] MOSCOW, May 31 (ITAR-TASS) — Expenditures on the restoration of the social sector in Chechnya have already amounted to 1.5 trillion Roubles [R], Petr Surov, first deputy chairman of the government commission in charge of the restoration of the Chechen social sector, said at a news conference here today. He added that the overall funds expected to be allocated for this purpose reach 5.7 trillion roubles.

Surov noted that the expenditures connected with the elimination of after-effects of the earthquake in Sakhalin would affect neither the pace of restoration in Chechnya, nor the dimensions of its financing.

Bread supplies have been fully normalized in Groznyy by now. The city has been provided with energy on a permanent basis. At present, each resident of the city is provided with 75-80 liters of water per day.

A total of 176 new passenger buses had been brought to the Chechen capital which service 18 bus-routes. A commuter train connects the Sleptsovskaya terminal with the city of Gudermes. A regular passenger train "Moscow-Groznyy" operates on a regular basis since May 9. There are 48 schools in Chechnya catering for around 12.000 children. Medical treatment to the population is provided by four hospitals and seven polyclinics, Surov said.

Newly-Formed 58th Army Deployed in North Caucasus

LD0106124295 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — The formation of the 58th Army, part of the North Caucasus Military District, is complete as of today, Colonel-General Vladimir Semenov, the federal ground troops commander, reported to INTERFAX on Thursday.

He said that the need for this army stemmed from the complex situation in the North Caucasus, including the military operation being carried out to restore constitutional order in Chechnya. This operation involves servicemen from the 58th Army, Semenov said.

He reported that the 58th Army was based on the Vladikavkaz army corps, headquartered in Vladikavkaz, North Ossetia's capital.

The 58th Army Commander, lieutenant-general Gennadiy Troshev is now in Chechnya leading units attached to the combined group of federal forces, which also includes Russia's Interior Ministry troops.

Earthquake Relief Operations Continue on Sakhalin Island

Rescue Work Ongoing

LD0106125695 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Rescue work in the earthquake zone on Sakhalin will continue for at least another 10 days, Sergey Khetagurov, deputy minister or Russia' Ministry for Emergencies, reported to INTERFAX on Thursday.

At the same time, he said that the chances to rescue people have been getting slimmer by the hour. "If in the first days, Khetagurov declared — every second of those recovered from the debris was alive, now only every tenth is."

According to Khetagurov, special refrigerators have been brought to the calamity zone to preserve the corpses in as law-enforcement bodies demand the identification of the bodies before their burial.

According to the Ministry for Emergencies, only 289 corpses, including the bodies of 59 children, have been identified so far. First common graves have appeared in Neftegorsk.

To prevent epidemics, Khetagurov stressed, teams from the Ministry for Emergencies have been applying disinfection means and other preventive techniques.

Repairs to Pipeline Continue

LD0106130195 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] YUZHNO-SAKHALINSK, June 1 (PIA-INTERFAX) — Workers of the oil and

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gas extraction association Sakhalinmorneftegaz, helping Russia's Ministry for Emergencies in rescue work in Neftegorsk, have already welded up 11 of the 17 cracks detected on the damaged Okha-Komsomolsk-on-Amur pipeline.

As Sergey Bogdanchikov, the association's general director reported in an exclusive interview with the Petroleum Information Agency on June 1, Sakhalinmorneftegaz workers (about 1500 men) have been in the calamity zone "since the first hours after the earthquake." According to him, 150 pieces of equipment and six helicopters, belonging to the association, have been used in the operations.

As a result of the timely adopted measures, "oil bases with reservoirs have remained intact, oil leaks through the pipeline have been very slight," for this reason, "there can be no talk of an ecological disaster."

A total of 200 wells on the Sakhalinmorneftegaz territory have been shut. "Our association will spare no effort to safe as many humans as possible and bring production on the damaged territory back to normal," Bogdanchikov concluded.

Prosecutor Opens File on Deaths

LD0106130295 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — The Sakhalin Prosecutor's Office has instituted criminal proceedings due to the death of hundreds of people under houses that collapsed when the earthquake hit Neftegorsk. The suit was brought in line with Article 251 of the Russian Criminal Code "The violation of rules during construction work." This statement was made for INTERFAX on Thursday by a source in the Sakhalin law-enforcement bodies.

He said that "witnesses are being questioned, and evidence collected for a comprehensive investigation."

The Criminal Code says that "violation, during construction work, of construction and sanitary regulations, as well as the rule on operating building machinery, if this violation results in deaths, is punishable by five-years imprisonment."

As was reported earlier, seventeen 80-apartment buildings, built in the 1960s on the basis of the 1447/360 type design were unable to withstand the natural disaster in the early hours of Sunday. This design must never have been used for building houses in Sakhalin, believes Corresponding Member of the Academy of Natural Sciences Georgiy Koffya, a member of teams of experts investigating the 1980's earthquake in Armenia.

Fuel, Energy Minister Details Situation

LD0106181195 Moscow Russian Television Network in Russian 1600 GMT 1 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] Our correspondent Andrey Pishchayev has just returned from Vnukovo Airport, where he was meeting with Fuel and Energy Minister Yuriy Shafranik, who has just come back from Sakhalin. Shafranik gave an interview to our program:

[Begin recording] [Shafranik] I do not think there can be any doubt as far as the qualifications and professionalism of the rescue workers are concerned. I must specifically mention the people who have been working there from the start, just hours after the earthquake—Sakhalinmorneftegas and the local residents. In the last few days, it was mainly they who have been, and still are—at least until 31 May or 1 June—involved in the rescue work. They have done a lot.

The most deplorable thing is the realization that one must work as quickly as possible. There is still a chance to find people alive. This is the most difficult thing.

As for the oil business, production has been restored. The last remaining emergency situations on pipelines and oilfields are being resolved. There are no major problems there.

[Unidentified correspondent] Was the ecological situation affected?

[Shafranik] There are some leaks, but there are no ecological aspects there that are causing great concern. [end recording]

Far East Governor Declares Disputed Area 'Sanctuary'

LD0106165695 Moscow INTERFAX in English 1329 GMT 1 Jun 95

[FBIS Transcribed Text] VLADIVOSTOK, June 1 (INTERFAX-Eurasia) — The regional administration in Russia's Far East has declared a disputed area bordering on China and North Korea as a sanctuary, Regional Governor Yevgeniy Nazdratenko's spokesman said.

Local observers say Nazdratenko's latest move will help strengthen his hand in the territorial dispute with China. The governor is opposed to the 1991 border deal with Beijing under which Russia is committed to cede an area of 15 square kilometers in Hasan district to China. A few weeks ago the regional authorities decided to transfer this territory to local Cossacks, the chief opponents of the border deal.

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Apart from the disputed land, the new sanctuary includes the estuary of the Tumannaya River, adjacent territories and outlying bays of the Sea of Japan covering a total area of 87,500 hectares.

The spokesman said the decision is prompted by the need for conservation of this unique territory, the habitat of rare species of plants, animals and birds.

Under the regional government's resolution, any economic activity is subject to strict control by local environmentalists.

The federal ministry for environment protection and natural resources is asked to include the new sanctuary on a list of territories of international significance.

Nizhniy Novgorod Passes Law on Gubernatorial Elections

MK0106125095 Moscow SEGODNYA in Russian 1 Jun 95 p 3

[Report by Vyacheslav Chebanov under the "Regions" rubric: "Nizhniy Novgorod Oblast Passes Law on Gubernatorial Elections. Russian President's Authorization Was Sought Just in Case"]

[FBIS Translated Text] It took the oblast's Legislative Assembly about one month to finally dot the i's and cross the t's regarding elections for Nizhniy Novgorod governor. Proceeding from the provision of the oblast charter, the legislators passed a law on gubernatorial elections in second reading on 30 May. Fearing accidental violation of the Russian legislation (although the oblast's charter was dubbed a "local constitution," its legitimacy causes doubt because its registration with the Justice Ministry is not known for a fact), right after passing the law on gubernatorial elections, the Nizhniy Novgorod deputies sought Boris Yeltsin's "go-ahead" for such elections.

Sergey Zakharov, Legislative Assembly drafting commission chairman, advised that in the absence of models of such a law, the document had been developed on the basis of the law on presidential elections. Also used was the law on guarantees of citizens' voting rights. In Mr. Zakharov's view, compliance with the federal models made it possible for the local representative authority to stay within the bounds of objectivity.

Under the new law, every Nizhniy Novgorod resident who has reached the age of 30 and who has been living in the oblast for at least one year may be a candidate for governor. To be registered as a candidate an aspirant must collect the signatures of 1 percent of the total number of voters.

The law provides for equal mass media access for candidates during the election campaign. All candidates' campaign expenses are defrayed from the local budget.

Average Industrial Wage in Tatarstan Cited

954F2407A Kazan IZVESTIYA TATARSTANA in Russian 26 May 95 p 1

[Unattributed report based on information of the Republic of Tatarstan Center for Social Problems, under the "Separately" rubric: "Work and Wages"]

[FBIS Translated Text] A scheduled meeting of the Republic Interagency Commission on Social Protection of the Population, under the chairmanship of RT [Republic of Tatarstan] First Deputy Prime Minister Ravil Muratov is going to be held in a few days; it will be devoted to topical issues of labor remuneration for different categories of workers.

It is envisaged to devote special attention to a review of two decrees of the RT Cabinet of Ministers: "On Regulating Labor Remuneration at Enterprises, Organizations, and Institutions" and "On Establishing Compensatory Allowances for Employees of Budget-Funded Organizations Financed Out of the Federal Budget."

The commission also will look into proposals regarding disability pay, organizing summer recreation for children, the situation with respect to expenditures from nonbudget funds, and pay for administrative personnel of nonbudget funds.

At the instruction of the first deputy prime minister, the RT Goskomtrud [State Committee of Labor] and Center for Social Problems prepared specifically for this meeting information on implementation of the RT law "On the Minimum Wage," the RT president's edict "On Immediate Measures To Pay Arrears in Labor Remuneration of Workers in Some Sectors of the Economy, and Budget-Funded Organizations and Institutions," and the RT Cabinet of Ministers decree "On Measures To Ensure Payment of Arrears in Labor Remuneration."

We are in a position to quote some figures and factors from this memorandum, which is of broad practical interest.

Overall in Tatarstan's national economy, the average wage amounted (here and thereafter the data are for March 1995) to 320,800 rubles [R], increasing as compared to March 1994 by a factor of 2.2, while prices for consumer goods and services have risen by a factor of 2.9.

The highest average wages were registered in credit and finance organizations, organizations engaged in social

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insurance (R614,500), and those engaged in general commercial activities supplying the market (R698,300).

The average wage in industry amounted to R363,100; the absolute leaders, which exceeded this level by a factor of two or more, remain the fuel and power generation complex, and the chemical and petrochemical industry. For instance, in the PO [industrial association] Tatenergo the average wage amounted to R715,900.

At the same time, in light and the woodworking industry the average wages were 25-30 percent lower than in industry as a whole. For instance, in the AO [joint-stock company] Kiemner it amounted to R156,500.

The lowest pay remained in agriculture and forestry and culture and the arts (55-70 percent of the republic average).

At the same time, it is necessary to note that the RT laws "On the Minimum Wage" and "On Minimum Labor Remuneration" are not being fully implemented. For instance, in March 1995, 310 enterprises with a total of 62,700 employees (4.3 percent of the total labor force) paid average wages of less than R110,000; of these, 45,200 were employed in agriculture, and 14,000—in industry.

The results of a selective survey conducted by the RT Goskomtrud at a number of Kazan enterprises, organizations, and institutions showed that as of 1 April 1995, for more than 10,000 persons base pay rates and salaries were set at a level below the official RT minimum wage. These are mainly employees in higher and secondary education institutions financed from the federal budget.

There are also precedents at industrial enterprises: the PO of Cargo Transportation by Truck No. 1—67 persons; the NPO [scientific-industrial association] Medfizpribor—91 persons; and the Imeni K. Yakuba printing enterprises—130 persons. But at the aforementioned enterprises this lag compared to the minimum is compensated by a considerable increase in bonuses, extra pay, various allowances, and other pay. As a result, at many enterprises the share of base pay in wages comprises today slightly more than 50 percent. For instance, in the AO Zernoproduct it comprises 34 percent, at the macaroni factory—40-45 percent, at the KPO [expansion unidentified] Terminal—51.9 percent.

The measures undertaken by the RT Government made it possible to reduce existing arrears in wages and other monetary pay from R212.2 billion as of 1 April 1995 to R164.4 billion as of 1 May.

At the same time, in many of the republic's kolkhozes and sovkhozes wages have not been paid since September 1994. These include farms in Verkhneuslonskiy (September 1994), Tatyushskiy (December), Sabinskiy (October-November), and other rayons.

More than three-month arrears in payment of wages exist in a number of republic industrial enterprises. Among them is Radiopribor, NPO [word illegible], AO Santekhpribor, KOKB [design bureau] Soyuz-KAPO (all of them since January), and a number of others.

The income polarization coefficient remains high and continues to rise. According to selective survey data, in the republic as a whole in March 1995 maximum earnings exceeded the minimum wage set by RT law by a factor of 150. At some enterprises such a disproportion in labor remuneration makes it impossible to pay minimum wages to employees.

And lastly. As of 22 May 1995, the subsistence minimum in the RT amounted to R183,000, which exceeds the minimum wage by a factor of 1.7.

Bank's Role in Samara Regional Development Examined

954F2315A Samara SAMARSKIYE IZVESTIYA in Russian 28 Apr 95 p 12

[Interview with Andrey Kogtev, president of the Volga-Kama Bank, by Ye. Yesin; place and date not given: "Volga-Kama Bank's 'Barometer' Shows 'Clear'"]

[FBIS Translated Text] "The experience we have accumulated is the main precondition for an objective appraisal of our own work"— was the opening statement in Andrey Viktorovich Kogtev's conversation with our correspondent. A little later he added: "And the right to its analysis as such."

Well, everything is clear in this respect. In 1990 he and a group of like-minded people undertook what without exaggeration may be called a most difficult task: They organized a bank in Samara. The Volga-Kama Bank [VKKB].

Let us say at the outset: The undertaking was a success. Therefore it is not surprising that five years of stable activity by the VKKB in the financial market of Russia have caused justified interest in the bank. Its president is my interlocutor.

For reference: The Volga-Kama Commercial Bank was founded in April 1990. It is one of the three first banks of this type in Samara. Today the VKKB is one of the stable financial institutions in Samara Oblast. The bank's paid-in stockholder capital is 4.0 billion rubles [R].

[Yesin] Andrey Viktorovich, what goals did you pursue in founding the bank?

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[Kogtev] First things first. What are banks actually for? Many people are still confused on this point, despite the fact that they to some or other extent handle their financial problems with the help of banks.

The point is that banks produce a product which a civilized society cannot live without. They create money. That is, they accumulate huge amounts of money in the form of accounts, deposits, and securities, and then loan it—naturally, under firm guarantees— to legal entities and individuals.

As to the Volga-Kama Bank specifically, from the very beginning we tackled a two-pronged task—to develop ourselves, but in the final count to make the interests of our region a priority.

[Yesin] Is the VKKB collective up to the task?

[Kogtev] The bank has never separated itself from the needs of Samara residents. We understand their problems and take them to heart. It is another matter that the extent of our real input is directly correlated with the bank's well-being.

In this respect we have something to say. The experience of the past five years shows unequivocally that the VKKB has grown strong and firmly established itself in the national financial system. Starting out small, as usual, (by the way, our first office was housed in a regular three-room apartment)—by making loans—a little later the Volga-Kama Bank began accepting deposits from the population and providing cash and clearing services for clients, learned operations with securities, and after obtaining the requisite license in 1992, began operating with foreign currency.

The VKKB staff's professionalism and competent financial policy bore fruit: People came to believe in us. A regular clientele formed and, as a consequence, a stable trend towards growth both in terms of volume of banking operations and expansion of the list of services. This trend still holds.

For reference: A number of self-supporting organizations and municipal enterprises have switched to the VKKB for cash and clearing services, including such major clients as AOOT's [publicly held joint-stock companies] of the Rosgosstrach [Russian State Insurance] system, the Vodokanal administration, and Samara heat distribution networks. This added to the bank's assets, which as of the beginning of April 1995 amounted to R43 billion. The structure of liabilities also underwent a qualitative improvement: residuals in clients' operating accounts, which amount to R25.4 billion, comprise 60 percent of it.

Over the past year the foreign currency balance has tripled and currently amounts to R55 billion, and by April of this year—R74.5 billion.

[Yesin] Andrey Viktorovich, a few words about the results of the Volga-Kama Bank's credit activities.

[Kogtev] In this respect, too, we can see a stable growth in volume. As compared to last year they tripled, amounting to R24.1 billion by 1 January 1995, and by April—R31 billion.

Our stockholders are given priority in borrowing (the largest are the Samararemstroyblagoustroystvo municipal enterprise, AO [joint-stock company] Volgokabel, TOO [limited liability partnership] Emal and Vipro, Sphinx construction company, and Phoenix insurance company)—our regular customers of whose solvency we are certain. Their guaranteed loan repayment is reinforced by our response: In dealing with regular clients, the VKKB has reduced commercial loan rates to 150-160 percent annually. In this respect, our principal position is to gain perhaps smaller but assured profits, while in doing so also help our business partners to develop faster. After all, as you know, a steady client is the staple of success in the banking business.

[Yesin] A question, the answer to which our readers undoubtedly are anxious to hear: Please describe for Samara residents your terms with respect to individual deposits.

[Kogtev] Gladly. As of now, more than 7,000 persons have entrusted their money and foreign currency holdings to us. Among ruble deposits a popular one is, for instance, "the Rentier," on which in the first quarter of this year we paid dividends of 9 percent a month. On the foreign currency time deposit we pay between 4 and 16 percent annually. For regular depositors the bank provides additional services. For instance, making payments on standing payment orders. The VKKB also handles the Volgokabel plant's payroll through direct deposit to employees' savings accounts.

I want to specifically emphasize that in more than four years of partnership with individual clients, there has not been a single instance (!) where we held up a payment.

[Yesin] Judging by the information I received from you, the word that comes to mind in characterizing the bank's policy is "balanced...."

[Kogtev] I would also add in this connection the word "flexible."

Practically until the end of 1993 we received the lion's share of our profits from loans to new economic structures, which were distinguished by their mobility.

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The level of inflation at the time made it easier for clients to repay loans.

In the fourth quarter of 1993, when the rate of inflation slowed down somewhat, it became more difficult to repay loans on time. In other words, every one in two loans began to "hang."

In this situation we promptly restructured our assets. Specifically: In 1994 the bank focussed its main efforts into selling interbank credit, which at the time promised perhaps smaller income but at lesser risk. When interbank credit activity became less predictable, the Volga-Kama Bank quickly reacted to it and chose the use of its own GKO [short-term government bond] resources—absolutely liquid securities with acceptable yield—as its primary line. As a result, in 1994 and the first quarter of 1995 we showed a profit.

[Yesin] Andrey Viktorovich, going back to the beginning of our conversation, please describe to us the VKKB's participation in various development programs in our region.

[Kogtev] The new regional policy being extensively debated everywhere naturally stands on a financial foundation. Execution of the local budget requires effective utilization, to be precise, professional control. And to be more specific—authorized banks. The need for bodies of authority and banking structures to work together. The intellectual potential of banking professionals coupled with the legal strength of the authorities make it possible to track with precision the targeted use of budget funds.

[Yesin] This is probably not the only way of strengthening the budget?

[Kogtev] As we see it, a considerable role in this respect—I mean increasing the revenue part of the budget—should be played by the financial-industrial groups that are currently being set up. Such a group will be formed in our bank too. A holding company, which will include a Samara plant, an insurance company, a construction firm, and some other organizations will be producing a quick-selling product and thus provide budget revenue.

[Yesin] The sorest spots in the budget are its line items involving expenditures on social needs. Does the VKKB leadership have any ideas with respect to giving them more tangible content?

[Kogtev] I will mention a completely unique program of implementing in Samara Oblast the decisions of the national government regarding subsidies and loans to the population for acquisition of property. Implementation of this plan envisages the purchase of housing by those working in the budget-funded sphere, with a subsequent payoff over the period of, say, 10 years. The Volga-Kama Bank, with the help of the oblast administration, undertook its implementation. The administration has already approved the program.

The amount the oblast will allocate for this purpose has been determined: R10 billion. On our part, we have found a subcontractor—a construction company that is one of Volga-Kama Bank's stockholders.

Another new line of banking activities is working together with the oblast's targeted fund for assisting conversion by implementing investment projects accepted by the oblast administration for financing.

The cooperation begins from the initial stage—reviewing projects submitted in a bidding, evaluating their effectiveness and risk, studying contender enterprises' financial shape, working out collateral as a guarantee of repayment of funds—and ending with monitoring the targeted use of financial resources.

The first half year of work in this direction and the initial results indicate that we have chosen a correct course.

By the way, we are going to get support, substantial at that, from the Greater Volga Banking Union, of which the Volga-Kama commercial bank is a member. The participation in the project by this union, which unites 32 banks and represents a concentration of financial and intellectual resources, will help to carry out the plans. By the way, an arbitration court and a nongovernment bankers' pension fund are being set up under the auspices of this union. This is also our innovation, but it is in the spirit of the times. After all, the prosperity of the state is created by citizens who are secure regarding their future.

[Yesin] I completely agree with you, but in our times, when millions of Russians may be safely classified as indigent, it is the duty of the well-to-do part of society to help them now rather than later.

[Kogtev] Charity is not a fad for us—it is a moral principle and a firm conviction that support is needed first and foremost for those who for some reason simply are unable to earn a living.

The VKKB has often provided contributions for Samara Orphanage No. 2 and the Samara branch of the Children's Fund of Russia; the bank also helped the city veterans' council and the Russian Charity and Health Fund to find the funds to send gravely sick children and Afghan war veterans for treatment abroad. For several years now the bank has been a sponsor of the Ladomir Samara Christian Sunday school. I assure you that we are not pulling out of charitable activities in the future

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either. Rich people have an obligation to be kind in order to work effectively in the difficult conditions of development of the new Russia.

Afterword

Financial policy based on real abilities; stable position in the Russian banking system; clients' confidence; encouraging prospects— not every bank can boast of such trump cards. The Volga-Kama Commercial Bank has them. Which, by the way, once again proves the point that success is determined by the farsightedness and professionalism of the collective of the bank celebrating its anniversary.

Economic Issues

Chubays: 'Trend Toward Improvement' in Economy

LD0106134095 Moscow Mayak Radio Network in Russian 1200 GMT 1 Jun 95

[FBIS Translated Text] Anatoliy Chubays, first deputy chairman of the Russian Government, stated that in May of this year, a radical trend toward improvement has appeared in the economy for the first time in the past five years. Chubays said this in an interview, an address in Moscow today, summing up the results of the Government sitting, which examined the results of Russia's socioeconomic development in the past five months. The ruble is beginning to oust foreign currencies from our national market, and, as the deputy chairman of the Russian Government said, the de-dollarization of the economy is taking place.

Minister Sees Growing Financial Stability

LD0206093195 Moscow ITAR-TASS in English 0810 GMT 2 Jun 95

[By Igor Ignatyev]

[FBIS Transcribed Text] New York, June 2 (ITAR-TASS) — Russian Minister for Economics Yevgeniy Yasin described as a "pleasant surprise" the growth of industrial output in Russia, recorded last May. It grew by one per cent as compared to the corresponding period of last year.

Yasin told ITAR-TASS that experts had expected a still greater recession, because the Russian government's current tough monetary policy "should have aggravated the such tendencies in this sphere". However, the latest figures show that "the economy has neared the bottom point and can drop no further". To put an end to the production slump in the present-day conditions is a great achievement, since government credits have been cut, state investments are practically at zero level, and the monetary policy is being toughly controlled. In Yasin's opinion, this shows that production is becoming independent and is beginning to get along without state backing.

The minister warned against excessively optimistic assertions that a rapid upswing will occur in the Russian economy shortly. "Nevertheless, there are obvious signs of a financial stabilisation," he stated.

Ruble Devalued 40% Since Beginning of Year

LD0106212395 Moscow INTERFAX in English 1954 GMT 1 Jun 95

[FBIS Transcribed Text] Moscow, June 1 (FIA-INTERFAX) — The Russian ruble devalued by 40% over the first four months of 1995, the head of the foreign transactions department of the Central Bank of Russia (CBR), Aleksandr Potemkin, told journalists in Moscow Thursday.

According to Potemkin, the recent events on the money and currency segment of the market resulted in the ruble's rise by 3% against the U.S. dollar, despite a high inflation rate.

"This enables us to speak of a stronger confidence felt by economic agents in the national currency," Potemkin believes.

To confirm this statement, Potemkin said that CBR experts observed a drop in the imports of foreign currencies in Russia, people's lower demand for hard currency and exporters' sale of all of their hard currency earnings on the currency exchange instead of only 50% of them, as stipulated by the law.

According to Potemkin, the CBR will be ousting the U.S. dollar from all sectors of the economy in a natural way. The CBR will ensure Russia's economy has a "quickly hardening ruble," he added.

Speaking of the threat of another currency crisis like that in October 1994, Potyomkin said "we will be able to avoid any upsets on the money market," if the government does not give up the declared principles of its credit and budget policies.

Paramonova on Reserves, Sberbank Privatization

MK0106102095 Moscow KOMMERSANT-DAILY in Russian 1 Jun 95 p 5

[Unattributed report under the "Journal" rubric: "Tatyana Paramonova on Sberbank Privatization and Reserves"]

[FBIS Translated Text] It is possible to privatize Sberbank, but this process seems to be premature at this time,

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Tatyana Paramonova, acting Russian Federation Central Bank chairman, said 31 May. She took part in the "Economy of Russia" congress that opened in the Kremlin Palace. Touching on the topic of obligatory reserves, Paramonova announced that there will be no changes in the near future in the norms for commercial bank deposit reserves. "I confirm that so far we are not changing anything in the reserve system." Many people know that a new reserving procedure established by the Central Bank came into force 1 May 1995. This provoked the dissatisfaction of commercial banks; they believe that unjustifiably large sums are being withdrawn from their turnover, and this threatens many banks with serious financial difficulties. The commercial banks, however, made a mistake concerning the size of mandatory reserves, Tatyana Paramonova pointed out. They named sums of 10 to 25 trillion rubles [R]. In reality the figure is much lower and totals about R2 trillion. In Tatyana Paramonova's words, the Central Bank is now working on a number of new instructions, including those on the formation of the mandatory reserves fund. They will take into consideration sensible suggestions made by commercial banks.

Central Bank Refuses To Buy Russian Gold

LD0106202995 Moscow Radio Rossii Network in Russian 1800 GMT 31 May 95

[FBIS Translated Text] The mining season has started at Kolyma's gold placers. Our correspondent Gennadiy Ovchinnikov reports from Magadan:

[Begin Ovchinnikov recording] The state has advanced only 30 percent of the required expenditures. Mining enterprises do not have their own funds as they are unable to sell even last year's gold. There are fewer and fewer customers buying Kolyma gold and the mechanism for selling it is becoming increasingly complicated and involved. In practice up to this year, the lion's share of the gold was purchased by Russia's Central Bank; another part was purchased by the government. Permission was also given to sell some of the gold to commercial banks. However, pleading the fact that they are forced to pay large amounts of tax on these deals, these banks set the price for Magadan gold at 30 percent below world prices, which, naturally, is totally disadvantageous to the miners.

The most unpleasant surprise was brought to the Magadan gold miners from Moscow by (Vladimir Butenta), deputy head of the Roszoloto Directorate: He said that the Central Bank has altogether refused to purchase Russian gold this year claiming it has already amassed sufficient currency reserves. [end recording]

Rules Eased for Foreigners Buying Securities

MK0206055095 Moscow SEGODNYA in Russian 1 Jun 95 p 1

[Unattributed report: "Rules Guiding Work of Foreigners at Russian Federation Stock Market To Be Relaxed"]

[FBIS Translated Text] The Russian Federation Government intends to relax the rules established for foreign investors who buy Russian securities. The Federal Commission on Securities and the Stock Market, together with the Central Bank of Russia, will complete the development of a new procedure for the participation of foreigners in buying securities issued by Russian companies. In experts' view, the new procedure will make it easier for foreigners to purchase Russian securities, which will help attract capital to the Russian Federation stock market.

Security Service Bans Winter Crop Forecasts

LD0106150395 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1400 GMT 1 Jun 95

[FBIS Translated Text] [no dateline as received] — The Federal Security Service was right in imposing a ban on publications containing forecasts of the harvest of winter crops, Gennadiy Kulik, deputy chairman of the Russian Federation State Duma committee on the budget, taxes, banks and finances and a leader of the Russian Agrarian Party, told the Ekho Moskvy radio station.

"Someone, God forbid, will remark that there will be so much harvest here. Anyone involved to any degree in agriculture or in Russian affairs, will know how much grain we had last year and how much grain we consume. We have been through all this before. That is why I am asking you — please keep away from it; it is not a sensation of the kind that needs attention," he added.

Security Service Denies Ban

LD0106180895 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] Moscow, June 1 (INTERFAX) — The Federal Security Service (FSB) "has nothing to do with a decision made" to ban publication of forecasts of the winter crop harvest, FSB officials told INTERFAX Thursday.

Earlier Agriculture and Food Ministry officials had refused to make these forecasts available to INTERFAX saying that the FSB had "vetoed" the publication of this data. In recent years such data used to be readily available to INTERFAX and other news media.

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Under the law, the FSB has no right to ban the publication of any data and these matters are for appropriate ministries and agencies to tackle, FSB officials emphasized. They felt that harvest forecast can be regarded as commercial secrets and have an immediate effect on the grain prices on the world market. For this reason, the officials explained, a decision of this kind could be made by the Economy Ministry or Foreign Economic Links Ministry or other agencies as well as the Agriculture and Food Ministry itself.

Meanwhile, sources in the Weather Bureau (Rosgidromet) told INTERFAX Thursday that the FSB had vetoed forecasts for all crops. Vladimir Shcherbak, first deputy agriculture and food minister, said that his ministry has never made this decision.

Spokesman Defends Forecast Ban

LD0106183995 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1235 GMT 1 Jun 95

[FBIS Translated Text] [no dateline as received] — Commenting on the blackout imposed by the FSB [Federal Security Service] on the publishing of forecasts by experts of the Russian weather forecasting service on the gross harvest of winter crops, Aleksandr Mikhaylov, chairman of the FSB public relations department told the Ekho Moskvy radio station: "Information on harvesting prospects can help determine levels of prices on international markets and establish one's own prices of various agricultural products."

"Harvesting forecasts are directly connected with a commercial secret, which would be protected in any state," he said.

A. Mikhaylov also said that the "FSB is not in the business of forbidding the circulation of certain information. This right belongs exclusively to the department that owns the information. All the FSB does is observe the regime of secrecy in protecting different information."

Ban Seen as Result of Yeltsin Remarks

MK0206081095 Moscow SEGODNYA in Russian 2 Jun 95 p 1

[Report by Mikhail Leontyev: "If You Are Not Sure, Do Not Disclose!"]

[FBIS Translated Text] The Federal Security Service [FSB] for the first time in the past five years has classified as secret the forecasts by the Russian State Committee on Hydrometeorology about gross crop yields. Aleksandr Mikhaylov, chief of the FSB Public Relations Center, said that the FSB itself "may not restrict particular information." The FSB's duty is only to ensure the secrecy regime itself. Mikhaylov believes that "harvest prospects have a direct relationship to commercial secrets and can immediately affect the level of world grain prices."

The report has produced unexpectedly active reaction on the part of various forces in the State Duma. The "intransigent" Ilyukhin, chairman of the committee on legality and law enforcement, suggested that amid a tense social situation the authorities are generally afraid of any negative rumors.

Although the author of the classification idea is so far unknown, the reaction by representatives of the agrarian lobby shows that the initiative originated within its structures. Kulik, who represents the agrarians in the Duma Budget Committee, asked that the decision made be treated calmly, supporting the FSB position. Even so, it appears that classification of such information is devoid of any sense. Analogous forecasts are provided by a great many structures, including foreign ones, in particular the CIA. Their capabilities, with modern technical facilities, cannot be controlled by the FSB. Of course, these gentlemen can only assess the harvest prospects, but there is no way they can know whether Russian peasants will gather it or what implements they will use in the process.

In principle, a certain official forecast figure could be classified, but even today various Russian departments offer quite different projections, these differences determined more by political struggles that differences in estimate methodology.

Therefore only one rationale is left for making a corresponding decision: This is simply the first reaction to the president's unexpected and not quite logical statements on the subject at a plowed field in Yakhroma [town outside Moscow]. It is hard to tell who first came up with the idea to place the president's agro-economic field improvisations under FSB control: the Agriculture Ministry, the Russian State Committee on Hydrometeorology, or the FSB itself. Presumably this will be better both for the president and the crops.

Forecast of Data on Winter Crops Published

LD0206113595 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] Moscow, June 2 (INTERFAX) — Russia's winter crops this year will yield 23 to 26 million tonnes of grain, including 19.5 to 21.5 million tonnes of wheat, the government forecasts.

The forecast has been made by the Federal Service for Hydrometeorology and Environmental Monitoring

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(Rosgidromet) and was obtained by INTERFAX on Friday.

INTERFAX has deemed it possible to publish the figures since a Federal Security Service (FSB) official told the agency on Thursday that the FSB "has nothing to do" with a ban that might have been put on their publication by any other government authority.

According to Rosgidromet, this year winter crops, excluding maize, occupy about 11 million hectares of land and are expected to produce somewhat more grain than last year, when they yielded 23.1 million tonnes from an area of 11.6 hectares, of which 17.2 million tonnes was wheat.

The national per hectare yield is expected to average between 24 and 26 metric centners, that of rye being put at 14 to 16 centners, as compared to last year's respective 22.1 and 15.4 centners.

Rosgidromet says its forecasts for 1990-94 were 87% accurate.

Oil Refiners Form Own Association

MK0106112095 Moscow KOMMERSANT-DAILY in Russian 1 Jun 95 p 9

[Report by Yelena Reznik and Andrey Fedorov: "Oil Refiners Association Set Up. Oil Refiners Find Vertical Integration Insufficient. They Now Go for Horizontal Style"]

[FBIS Translated Text] The idea of a nongovernmental sectoral organization bringing together Russian oil refineries first emerged some two years ago and has now been successfully implemented. The founding assembly for an Association of Oil Refiners of Russia was held in Novokuybyshevsk of Samara Oblast late last week.

Attending the assembly were representatives of oil companies, oil refineries, scientific-research and design institutes, and the other structures of the oil refining and petrochemical industry of Russia. In their number were the "LUKoil," YUKOS, and "Sidanko" companies, the Kuybyshev, Syzran, Novokuybyshevsk, Omsk, Komsomolsk, Ufa, and Ryazan oil refineries, the "Lenneftekhim" Joint-Stock Company, the VNIIPINeft, Neftekhimbank, and the "Rifin" consortium. The Russian fuel and energy ministry was represented by Nikolay Dorik, oil refining department director. The assembly approved the founding agreement and the Association's charter. Viktor Ryabov, president of the "Perevooruzheniye Promyshlennosti" [Retooling of Industry] Joint-Stock Company was elected its general director. The board is made up of 11 people representing "LUKoil," "Sidanko," YUKOS, "Rosneft," as well as leading oil-refining regions. A decision was made to hold the first board meeting no later than 15 June in Moscow, the venue of the association's headquarters.

Answering a question from KOMMERSANT-DAILY correspondent on the objective of creating this structure, Viktor Tarkhov, YUKOS vice president for oil refining, said its job is to coordinate Russia's oil refiners' efforts in matters of the most importance for them. One of the main tasks is also collective lobbying for the sectors' interests in power organs of all levels. Tarkhov thinks the existing Union of Oil Industrialists of Russia is not coping with these tasks and, as a rule, cares for the interests of oil producers.

Thus, while vertically integrated oil companies were being formed during the past two years, far from dying, the idea for an oil refiners' association has become happily implemented. This indicates in particular that, as part of [oil producing] companies, oil refiners cannot be sure that due account of their interests will be taken. Moreover, it is not ruled out that the Association will also protect these interests against the leadership of the oil companies themselves.

Government Decree on Budget Implementation

MM0206113695 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 2 Jun 95 p 5

[Russian Federation Government Decree No. 505 signed by Russian Federation Government Chairman V. Chernomyrdin in Moscow on 24 May 1995: "On Measures To Implement the Federal Law 'On the Federal Budget for 1995'"]

[FBIS Translated Text] In accordance with the Federal Law "On the Federal Budget for 1995," the Russian Federation Government decrees:

1. That the federal budget for 1995 be adopted for implementation with an expenditure in the sum of 248,344.3 billion rubles [R] on the basis of the volume of income in the sum of R175,160.6 [billion] and the deficit ceiling in the sum of R73,183.7 billion.

That sources of internal finance in the total sum of R30,578.5 billion and sources of external finance in the total sum of R42,605.2 [billion] be channeled into covering the federal budget deficit.

2. The Russian Federation Finance Ministry is to revise, in accordance with Article 2 of the Federal Law "On the Federal Budget for 1995" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 14, p 1213), contracts that it previously concluded with the Central Bank of the Russian Federation relating to credits granted to cover the federal budget deficit, with a view to amending the deadline for payment of interest on such credits.

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3. The Russian Federation Finance Ministry is to draw up and submit to the Russian Federation Government for subsequent submission to the Federal Assembly proposals specifying the proportions for the distribution of funds from the Federal Fund for Financial Support for Russian Federation Components among regions particularly in need of support and specifying each component's share of the said Fund, in coordination with the Russian Federation components and taking into account figures on the implementation of their budgets in 1994.

4. The Russian Federation Finance Ministry, with the participation of the Russian Federation Ministry of the Economy, is to examine on the basis of annual reports for 1994 the question of extinguishing the deferred debt to creditors formed in respect of construction projects and facilities the financing of which was carried out in 1994 out of federal budget funds, and to extinguish the said debt within the limits of the budget funds approved for these purposes in 1995.

5. The Russian Federation Ministry of Science and Technical Policy is to submit to the Russian Federation Finance Ministry within two weeks the distribution among ministries and departments of appropriations stipulated for 1995 for financing measures relating to fundamental research and the promotion of scientific and technical progress (on the basis of budget classification indicators) in accordance with Articles 17 and 19 and taking into account Appendices 3 and 7 of the Federal Law "On the Federal Budget for 1995" and also on the basis of the need to fulfill the Russian Federation's international commitments in the sphere of space research.

6. It is laid down that proposals of federal organs of executive power and organs of executive power of Russian Federation components on increasing expenditure from the federal budget, granting tax concessions, or other measures leading to a reduction in federal budget income and tending to increase the deficit are not to be examined by the Russian Federation Government without the preliminary agreement of the Russian Federation Finance Ministry on the sources of finance.

7. In 1995 the Russian Federation Finance Ministry is to be permitted, on the basis of decisions adopted by the Russian Federation president and the Russian Federation Government, to make changes to the size of appropriations for the maintenance of individual Russian Federation ministries and departments and their territorial organs within the limits of approved expenditure from the federal budget on state administration.

8. The Russian Federation Ministry of Labor, in conjunction with the Russian Federation Defense Ministry, the Russian Federation Ministry of Internal Affairs, the Russian Federation Foreign Intelligence Service, the Russian Federation Federal Security Service, the Russian Federation Federal Border Service, the Russian Federation President's Security Service, the Federal Government Communications and Information Agency Under the Russian Federation President, the Russian Federation Main Protection Directorate, the Russian Federation Tax Police Department, and the Russian Federation State Customs Committee, is to draw up and submit to the Russian Federation Government by 1 June, for subsequent submission to the State Duma of the Federal Assembly, proposals coordinated with the Russian Federation Finance Ministry for the creation of an integrated system of material support for servicemen and rank-and-file and leadership personnel and for the introduction of corresponding amendments to laws and other normative legal acts of the Russian Federation, as well as data on the possible consequences of their implementation.

9. The Russian Federation Finance Ministry and the Russian Federation State Tax Service, with the participation of the Central Bank of the Russian Federation, are to exercise monitoring of the implementation by organs under their jurisdiction of joint directives on the procedure for the deduction and utilization of the federal share of income tax on individuals to finance expenditure on maintaining social facilities and housing stock transferred to municipal ownership in 1994, in implementation of Article 31 of the Federal Law "On the Federal Budget for 1995."

10. The Russian Federation Finance Ministry, the Russian Federation Ministry of the Economy, the Russian Federation State Tax Service, the Russian Federation Ministry of Labor, and the Russian Federation Ministry of Justice are to draw up and submit to the Russian Federation Government proposals for canceling privileges that are in conflict with the principles laid down in existing legislation for mutual relations between the federal budget and the budgets of the Russian Federation components and that violate the integrated policy in financial and budgetary relations with the regions.

In view of ensuring unconditional implementation of the federal budget and the receipt of its financial resources in full, in cases of actions by individual Russian Federation components leading to a violation of the procedure laid down by Russian Federation legislation for the transfer and payment of taxes and other income into the federal budget, it is permitted:

— for the Russian Federation Finance Ministry to suspend the financing from the federal budget of federal programs and measures being implemented on the

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territories of the Russian Federation components in question, as well as the transfer of resources on the basis of mutual settlements, transfers, subventions and subsidies, budget loans, and credits;

— for the Russian Federation Ministry of Foreign Economic Relations to stop issuing export licenses;

— for the Russian Federation Committee on Trade and the "Roskontrakt" Joint-Stock Company to suspend the delivery of output from state resources;

— for the Russian Federation Finance Ministry in conjunction with the Central Bank of the Russian Federation to regulate — taking into account the volume of taxes and other federal budget income unlawfully retained in the Russian Federation components' budgets — the scale of credit resources made available to them and cash supplied by means of emissions by the Central Bank of the Russian Federation.

The Russian Federation State Tax Service and the Russian Federation Finance Ministry are to inform the Russian Federation Government immediately of any instances of violations of existing legislation that are discovered.

11. The Russian Federation Ministry of Foreign Economic Relations, in conjunction with the Russian Federation Finance Ministry and other interested Russian Federation ministries and departments, is to submit to the Russian Federation Government within two weeks a draft decree on state support for the development of the exportation of output.

12. The Russian Federation Finance Ministry, the Russian Federation Ministry for Nationalities Affairs and Regional Policy, and the Russian Federation Ministry of Agriculture and Food:

— are to formulate a mechanism and conditions for the transfer in 1995 to the organs of executive power of the Russian Federation components for their management for a period of one year funds received by way of extinguishing federal budget loans issued in 1994 for the transportation of produce (goods) to regions of the Far North and equivalent localities and for the creation of regional grain stocks, as well as funds received in the form of payment for their use;

— are to conclude, by 15 June 1995, contracts with the organs of executive power of the Russian Federation components ensuring the proper use of federal resources transferred to their management to ensure the timely transportation of produce (goods) to regions of the Far North and equivalent localities and to create regional food stocks;

— are to transfer by 15 July 1995 for the financing of measures relating to the transportation of produce (goods) to regions of the Far North and equivalent localities (first and foremost those with limited periods of navigability) at least 70 percent of the total sum of expenditure stipulated for these purposes in the federal budget for 1995.

13. The Russian Federation Finance Ministry in conjunction with the Central Bank of the Russian Federation is to reformulate in 1995 the debt existing as of 1 January 1995 to commercial banks for unpaid interest amounting to R211 billion for the use of centralized credits received in 1993 for the purchase of cotton by textile enterprises and organizations in Ivanovo Oblast, converting it to a debt of the said enterprises and organizations to the Russian Federation Finance Ministry by agreement with them and under the guarantee of the Ivanovo Oblast administration, to be extinguished over the 10 years beginning 1 January 1998.

The said debt is considered part of the Russian Federation state internal debt within the upper limit stipulated in the Federal Law "On the Federal Budget for 1995" through the issuing of promissory notes to the Central Bank of the Russian Federation by the Russian Federation Finance Ministry to be extinguished over 10 years in equal installments with the payment of 10 percent annual interest, and is not included in the quota for credit issued by the Central Bank of the Russian Federation to the Russian Federation Government.

14. The Russian Federation Finance Ministry is to examine the question of the possibility of concluding a contract in the first half of 1995 with the Russian Federation Social Insurance Fund to define the procedure for financing expenditure on social insurance for victims of the Chernobyl disaster carried out by the said Fund and subject to repayment from federal budget funds, taking into account the actual implementation of the budget of the said Fund and the federal budget in the course of the fiscal year.

15. It is laid down that funds coming into the Russian Federation Federal Highways Fund over and above the sums stipulated in the Federal Law "On the Federal Budget for 1995" are to be channeled into financing expenditure by the Russian Federation Federal Highways Fund in the spheres and in the proportions stipulated in Article 47 of the said Federal Law.

16. It is laid down that funds coming into the Russian Federation Federal Ecology Fund over and above the sums stipulated in the Federal Law "On the Federal Budget for 1995" are to be channeled into financing expenditure by the Russian Federation Federal Ecology

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Fund in the spheres and in the proportions stipulated in Article 48 of the said Federal Law.

17. The Russian Federation Tax Police Department, the Russian Federation State Tax Service, the Russian Federation State Customs Committee, the Russian Federation Ministry of Internal Affairs, and the Russian Federation Federal Security Service, by agreement with the Russian Federation Finance Ministry and other interested ministries and departments, are to submit to the Russian Federation Government within a month proposals for amendments to the statutes on the Social Development Fund of the Russian Federation Tax Police Department, the Centralized Social Development Fund of the Russian Federation State Tax Service, the Fund for Development of the Customs System of the Russian Federation, and the State Fund for Combating Crime, in accordance with the procedure for the formation and utilization of the said funds laid down in Articles 49, 50, 51, and 53 of the Federal Law "On the Federal Budget for 1995."

18. The Russian Federation Ministry of the Economy and the Russian Federation State Committee for the Management of State property, in conjunction with the Russian Federation Finance Ministry, are to draw up and submit by 15 June for examination by the Russian Federation Government a procedure whereby the allocation of funds from the federal budget on a nonrepayable basis for the construction, retooling, and modernization of enterprises and organizations makes provision for increasing (formalizing) the share of federal ownership at such enterprises and organizations through the acquisition of an additional bloc of shares, subject to subsequent compulsory sale.

19. The Russian Federation Finance Ministry is to inform Russian Federation ministries and departments, within two weeks following the Federal Assembly's approval of the quarterly distribution of federal budget income and expenditure for 1995, of the quarterly distribution of appropriations from the federal budget for 1995 for the financing of expenditure carried out by them broken down according to the Russian Federation budget classification indicators.

20. The first and second paragraphs of Point 3 of Russian Federation Government Decree No. 240 of 10 March 1995 "On the Economic Conditions of the Functioning of the Russian Federation Agro-Industrial Complex in 1995" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 12, p 1054) are to read as follows:

"3. The Russian Federation Finance Ministry, the Russian Federation Ministry of Agriculture and Food, and the 'Roskhleboprodukt' Joint-Stock Company are to ensure the repayment of budget loans issued in 1993-1994 for the formation of federal food stocks and interest on them in accordance with the agreements concluded and the drawing up of new agreements for the granting of budget loans to the Federal Food Corporation under the Russian Federation Ministry of Agriculture and Food.

"The Federal Food Corporation is to ensure that the said budget loans are channeled into advance payment for produce purchased in 1995 for delivery to federal food stocks at the level of 50 percent of the cost of the volume of deliveries stipulated by contract, to be comprised of 25 percent after conclusion of the contract and 25 percent after completion of the sowing, as stipulated in Point 4 of Article 6 of the Federal Law 'On Purchases and Deliveries of Agricultural Produce, Raw Materials, and Food for State Needs.'"

21. In the first paragraph of Point 9 of Russian Federation Government Decree No. 241 of 10 March 1995 "On Measures To Implement the Federal Law 'On Purchases and Deliveries of Agricultural Produce, Raw Materials, and Food for State Needs'" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 12, p 1055), the following words are to be deleted: "organs of executive power of Russian Federation components."

[Signed] Russian Federation Government Chairman V. Chernomyrdin

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International Affairs

Kuchma Sends Letter to Butrus-Ghali on Ex-SFRY

LD0106190195 Moscow INTERFAX in English 1828 GMT 1 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Ukrainian President Leonid Kuchma has called on U.N. leaders and Security Council members "to take all possible measures to compel the conflicting parties (in the former Yugoslavia - IF) to respect the status of U.N. peacekeepers and stop all hostile activities against them." He sent a letter to U.N. Secretary-General Butrus-Ghali in connection with the aggravation of the military and political situation in Bosnia-Herzegovina, Ukrainian Foreign Ministry press office told INTERFAX-UKRAINE.

Kuchma also asked Butrus-Ghali to use his authority as the U.N. secretary-general to secure an immediate release of all, including Ukrainian, peacekeepers taken hostage. IF Note: A total of 48 Ukrainian peacekeepers from the U.N. forces in the former Yugoslavia were taken hostage by Bosnian Serbs on May 27-28. According to the U.N. commandment, five of them are held in the town of Goradje, while the destiny of 43 Ukrainian peacekeepers is unknown.

In his letter Kuchma expressed confidence that "in spite of all the difficulties faced by the UN peacekeeping mission, the U.N. and the international community as a whole have not exhausted their political and diplomatic potential. However, even today it is obvious that the Yugoslavian crisis can be settled by way of political negotiations."

Kuchma supported Ukrainian Foreign Minister Hennadiy Udovenko's May-27 proposal to hold a U.N. Security Council meeting at the foreign-minister level.

"Ukraine could take an active part in the process," Kuchma wrote in his letter.

Kuchma Leaves for Brussels; EU Accord Signing

LD0106123395 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] KIEV, June 1 (INTERFAX-UKRAINE) — Ukraine's President Leonid Kuchma left Kiev for a one-day visit to Belgium on Thursday [1 June]. As INTERFAX has learned, a temporary agreement on partnership and cooperation between Ukraine and the European Union will be signed on that day in Brussels.

The document, as an INTERFAX reporter has been told at the EC mission in Kiev, will be in effect until all parliaments of the EU member-countries ratify the permanent partnership and cooperation agreement, signed by the European Union and Ukraine in June of 1994.

The accord allows Ukraine to impose quantitative restrictions on import from EU countries in the period of economic restructuring in that republic.

During his visit to Belgium, Kuchma is also to initial an agreement on a 85 million ECU loan to Ukraine. Yet another 200 million ECU may come from the European Union to bridge Ukraine's trade balance deficit.

Kuchma is scheduled to meet NATO's Secretary General Willi Claes and the Belgian King and to visit the West European alliance's headquarters.

EU To Grant Financial Aid

LD0106183295 Moscow INTERFAX in English 1633 GMT 1 Jun 95

[FBIS Transcribed Text] BRUSSELS, June 1 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma and Chairman of the European Commission Jacques Santer signed a joint statement and an interim agreement between Ukraine and the European Union in Brussels today. The EU has signed such an agreement with an ex-USSR republic for the first time.

According to the joint statement, the EU confirmed the intention of the European Commission to immediately grant to Ukraine 85 million European currency units as financial aid.

Kuchma confirmed the intention of Ukraine to continue the reforms, completely carry out the stabilization program and accelerate the implementation of the structural reforms. He also confirmed Kiev's commitment to cease the functioning of the Chernobyl nuclear power stations until 2000 in line with the schedule signed by Ukraine and the EU experts on May 19.

Kuchma emphasized the importance and difficulty of these tasks for Ukraine and stressed that corresponding financial support on the part of such international financial organizations as the EU and the G-7 was a necessary precondition for success.

Kuchma told a news conference in Brussels that the interim agreement between Ukraine and the EU should not be considered from the point of view of the interests of some other countries. He said this in answer to a question from one journalist about possible difficulties in Russian-Ukrainian relations because of Kiev's signing of the agreement with the EU.

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Kuchma urged the EU to lift restrictions on trade with Ukraine. "We would have greater opportunities to resolve our problems if these restrictions were removed," he said.

President Pleased With Brussels Visit

LD0206081695 Moscow ITAR-TASS in English 0740 GMT 2 Jun 95

[By Rostislav Demchuk]

[FBIS Transcribed Text] BRUSSELS, June 2 (Itar-Tass) — "I am pleased with the results of my brief visit to Brussels," Ukrainian President Leonid Kuchma said on Thursday [1 June], addressing a press conference at the Headquarters of the European Union here. In the course of his visit to the Belgian capital, he met Chairman of the European Commission Jacques Santer, NATO Secretary-General Willy Claes, and Secretary-General of the West European Union Jose Cutileiro.

The Ukrainian president has signed a provisional agreement with the European Union, granting Ukraine the most favoured nation treatment in commercial and economic relations with the European Union. The document envisages not only the promotion of commercial relations, but also the creation of a free-trade zone between Ukraine and the EU after 1998.

Kuchma discussed with EU leaders several important problems linked with the ongoing economic and political reforms in Ukraine, as well as the relations between Ukraine and the European Union. "The European Union is interested in seeing Ukraine within Europe," Kuchma stressed. Today, there is, indeed, every ground to say that a movement towards each other has begun. And this is very important, primarily for Ukraine, which is now living through a far from the best period of its history.

Asked by Ukrinform about the future of the Chernobyl nuclear power plant, the president noted that he withnessed Europe's desire to solve this problem by common efforts, because it is clear to everybody that Ukraine is unable to do it by itself.

Meeting journalists after his visit to the NATO Headquarters, Kuchma said that "he had congratulted NATO Secretary-General Willy Claes and himself, too, on Russia's accession to the 'Partnership for Peace' programme." Kuchma said that this was "a positive step, and I hope that we shall all work jointly on the fulfilment of our sole common task".

The head of the Ukrainian state stressed that Ukraine was not ready, either politically or economically, to join the NATO at present. But other states cannot veto the desire of some nations to join the alliance.

Asked about the attitude of the North Atlantic Alliance to the situation in Crimea and the future of the Black Sea Fleet, NATO Secretary-General Willy Claes, who attended the press conference, stated that today NATO should adhere to the "golden rule" of non-interference in domestic affairs.

MFN Agreement Signed With EU; Kuchma Comments

LD0206092695 Moscow ITAR-TASS in English 0857 GMT 2 Jun 95

[By Andrey Krasnoshchyokov]

[FBIS Transcribed Text] STRASBOURG, June 2 (Itar-Tass) — Ukraine and the European Union have concluded a provisional agreement, under which Ukraine has been granted the Most-Favoured-Nation [MFN] treatment in the development of trade and economic relations with the EU.

The agreement, which was signed by President Leonid Kuchma of Ukraine and Jacques Santer, President of the European Commission, in Brussels on Thursday, provides not only for the development of trade contacts but also for the establishment of a free trade area between Ukraine and the EU after 1998.

"We are Ukraine's main commercial partner. While developing political contacts with Eastern and Central European countries, we also attach paramount importance to establishing close partnership with this republic," Santer said at the signing ceremony. Trade between EU and Ukraine ran at over 2,000 million ECU last year.

Kuchma, for his part, noted that the European Union "is interested in stability in Eastern and Central European countries, and Ukraine is precisely such a stable state".

The President of Ukraine again pointed out that Kiev "is unable, if acting alone, to solve problems connected with the closure of the Chernobyl nuclear power station. According to Ukrainian government estimates, all operations concerning the closure of the station and the establishment of new power supply systems in the republic will cost approximately 4,000 million U.S. dollars, although Western experts regard this figure as obviously overstated."

Therefore Group of Seven countries and the EU have offered Ukraine financial aid amounting to 800 million USD to resolve the problems. According to informed sources in EU leading bodies, the amount of aid may be upwardly adjusted towards the end of the year.

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Foreign Ministry Reports 55 Soldiers Held Hostage

LD0106230595 Kiev UNIAN in Ukrainian 1730 GMT 1 Jun 95

[FBIS Translated Text] Kiev [no date as received]—The number of hostages from among the servicemen of the Ukrainian contingent of the UN peacekeeping forces in Bosnia-Herzegovina is 55 men. UNIAN learned this at the Ukrainian Foreign Ministry on 1 June.

Ukraine's permanent mission at the United Nations has sent a note to UN Secretary General Butrus Butrus-Ghali, urging him to use all political and diplomatic capabilities to establish contacts with the leadership of the conflicting sides in order to release all the captured peacekeepers immediately.

The Ukrainian Foreign Ministry held consultations on the issue with the Russian Foreign Ministry at the level of first deputy ministers of foreign affairs. Also, there were consultations with the ambassadors of the countries—members of the Contact Group who are staying in Ukraine.

Kuchma Baltics Visit Initiates Broader Cooperation

WS0106141995 Kiev UKRAYINA MOLODA in Ukrainian 30 May 95 p 3

[Commentary by Olena Zvarych: "Ukraine Is Becoming a 'Country of the Rising Sun' for the Baltics"]

[FBIS Translated Text] The windows in the office of the Estonian President Lennart Meri face eastward. Poetry-inclined Mr. Meri said during a meeting with [Ukrainian President] Leonid Kuchma that he sees the sun from a different side. Our sun is perhaps rising at a low altitude, though very promising for the Baltic countries. Lennart Meri termed Ukraine a "state, on whose stable development European stability depends." The Ukrainian president's friendly visits to Latvia and Estonia (whose Foreign Ministry files still term its east territories as "temporarily occupied by Russia"), which were noticeable, constructive, and promising, seemed to be quite a tangible pressure on Russia's sore Baltic corn. Two issues became the center of attention during the visits — rapprochement with NATO and the idea of establishing Black Sea-Baltic cooperation — and they generated the highest concern of our eastern neighbor. Although [Ukrainian] Foreign Minister Hennadiy Udovenko said in Riga that "Latvia's and our positions on NATO are similar, even though we are currently in different cradles, since Latvia is currently very vigorously conducting a policy toward joining NATO," our state will most likely step up attempts to end up under the umbrella of the North Atlantic military alliance as well. And in Riga President Kuchma questioned Ukraine's declared nonaligned status by saying that "it is hard to live outside blocs."

In this regard, the idea of Black Sea-Baltic cooperation — a modified version of the resuscitated idea of a Baltic-Black Sea belt devised in [former Ukrainian President Leonid] Kravchuk's era — seems to be very intriguing. It is expected that in the future it may be joined by the Scandinavian countries, Poland, and certain countries of the Black Sea basin. The hypothetic union will hardly manage to acquire the shape of a "belt," along which the so-called amber route from the Varangians to the Greeks once stretched — its geometry will be disrupted by the post-referendum Belarus. Nevertheless, disrespecting wishful thinking, which always contains some naivety, and about which politicians are thus afraid to speak loudly, the realistic development of Black Sea-Baltic cooperation began with agreements on free trade. Such an agreement was signed with Estonia, and another one will soon be signed with Latvia, during an expected visit to Kiev by [Latvian President] Guntis Ulmanis. "Ukraine will use Estonia's sea routes, and vice versa. This agreement should have been signed even earlier," Estonian Prime Minister Mr. Vahi said. "It is perhaps not completely correct to make great plans, and it is better to begin with achievable things. New ties will then be initiated on this foundation." Therefore, a concrete mechanism for Black Sea-Baltic cooperation has not yet been created, and it is currently developed by experts.

President Kuchma's visit to the Baltic countries was held at the highest level. In Riga, he was received at the same level as [U.S. President Bill] Clinton, as eyewitnesses claim (it is interesting that the name of our president did not suffer any spelling changes, while the U.S. President, according to the Latvian spelling, was rendered Klinton in press releases). It seems symbolic that our president was received with the highest honors in ex-Soviet countries that have approached Europe at the closest distance, in terms of living standards, the level of general culture, and economic guarantees for independence.

These tiny countries have managed to skillfully use the national factor to consolidate their independence both within their boundaries and abroad. For example, Armed Forces Commander in Chief Aleksander Einselm, former U.S. Armed Forces Joint Chiefs of Staff colonel, is an interesting figure in the Estonian establishment. This Estonian emigrant returned to his homeland in 1992 to help set up a national army. The Estonian Army is currently not much larger than a crowd of Kiev residents in the Independence Square during a holiday — approximately 3,000 men. Nonetheless, Col. Einselm (in Esto-

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nia he was elevated to general) returned to his homeland, running the risk of losing his U.S. pension amounting to almost $65,000 per year. He is currently the author and main coordinator of a program for unifying the Estonian Armed Forces according to NATO standards.

After Leonid Kuchma's visit to Estonia and Latvia, it will certainly be more convenient to be a Ukrainian in these states than to call oneself a Russian. In both countries the Ukrainian community is the second largest following Russians: According to the Ukrainian Embassy's data, nearly 80,000 Ukrainians live in Latvia, and 40,500 people — in Estonia. In Tallinn's central square near the mayoralty, President Kuchma was met by several hundred local Ukrainians bearing blue-and-yellow flags and a large political banner "Glory for Ukraine! Shame for [former Crimean President] Meshkov! Crimea — Ukrainian." Through the facade of the Ukrainian community's organized joy, however, one could not see certain problems 90 percent of Ukrainian-Estonians are experiencing.

Udovenko Does Not Reject Possible NATO Expansion

LD0106150095 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] NOORDWIJK, June 1 (INTERFAX-UKRAINE) — Not rejecting the idea of possible NATO expansion, Ukraine sees the process "not as revolutionary, accelerated or sudden," Ukrainian Foreign Minister Hennady Udovenko said on Wednesday [31 May] in Noordwijk (the Netherlands), addressing a session of the Council of North-Atlantic Cooperation.

"NATO is an important component in the future architecture of European security," said Udovenko, "its stabilizing factor and efficiency as a collective defense structure helped speed up the discussion of the question on expanding the Alliance."

However, he said, "how to place the changing alliance into the broader framework of the European security system, how to make this process smooth and natural is the most important problem now."

Udovenko called "exceptionally important" the relations between NATO and the Russian Federation. "Ukraine favors openly and consistently the establishment of normal cooperation between the Alliance and the Russian Federation and voices its satisfaction due to Russia's decision to join the Partnership for Peace program, said Udovenko [no closing quotation mark received].

For his part, he said that Ukraine hopes that its relationships with NATO are also of great importance for the future architecture of the European security.

Deputy Minister Criticizes OSCE Envoy's Remarks

LD0106132195 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] KIEV, June 1 (INTERFAX-UKRAINE) — Some actions and statements by Andreas Colshutter, the chief of the OSCE mission in Ukraine, go beyond the memorandum on the mission's powers, Boris Tarasyuk, Ukraine's first deputy foreign minister, has declared in an interview with INTERFAX.

The diplomat bitterly criticized Colshutter for the remark he made in the Crimean parliament on May 31 that "the OSCE mission's activity aims among other goals at keeping Crimea autonomous."

In its work, the mission should seek to preserve Ukraine's territorial integrity and settle conflicts on the basis of the OSCE principles and Ukraine's constitution, Tarasyuk pointed out.

Top Military Adviser Views PFP Tasks, Pluses

AU0106135195 Kiev URYADOVYY KURYER in Ukrainian 25 May 95 p 6

[Interview with Major General Vadym Hrechanynov, Ukrainian presidential adviser for military issues, by Dmytro Shkurko; place and date not given: "Partnership for Peace as a General European Prospect"]

[FBIS Translated Text] [Shkurko] Ukraine was the first country of the former USSR to join the "Partnership for Peace" program. Does this mean that Ukraine was more keen to participate in the NATO program than other CIS countries?

[Hrechanynov] Indeed, more than a year ago, Ukraine signed the framework document and, first among the CIS countries, joined the "Partnership for Peace" program. However, we did not thereby strive to establish our leadership in the program. The very idea of partnership was meant for setting up equal cooperation in the military-political sphere between the countries of NATO and of the former socialist camp and for strengthening cooperation and trust in Europe in general. Once a kind of bridge between the West and East has been built, it is simply pointless to find out who was the first or last to step onto that bridge. In my opinion, it is much more important for the partner countries to start moving toward one another.

[Shkurko] In order to clarify the importance for Ukraine of its participation in the "Partnership for Peace" pro-

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gram, let us recall how the program started, who initiated it and why, and generally, who will profit from it.

[Hrechanynov] After the collapse of the Warsaw Pact, there developed in Europe a struggle for spheres of influence upon central European states that had been members of the former socialist camp. In my opinion, NATO managed to find arguments that enabled the North Atlantic Alliance to establish priority influence upon those countries. It is to the Western countries' credit that they conducted a far-sighted and sufficiently balanced policy. In January 1994, the North Atlantic Council held a session in Brussels. Heads of state and government of NATO countries adopted a declaration that was in line with the new strategic concept of NATO.

That was how the "Partnership for Peace" program was initiated. By the end of 1994, almost all countries of the former USSR and also neutral Sweden, Austria, and Finland had joined the program, which opens up extensive possibilities for cooperation among member states both on bilateral and multilateral bases.

[Shkurko] In your opinion, does the program meet the present requirements and does it really herald a new system of European security? For example, in the past, Polish President Lech Walesa severely criticized this program precisely because participation in it does not entitle one to become a full member of the NATO structures.

[Hrechanynov] The program must be perceived and assessed in the context of general European processes. In my opinion, one should not draw a direct analogy between participation in the program and prospects for expanding any military-political alliance. Even though these questions are interrelated.

The expansion of NATO by Central European countries is explained by NATO's desire to secure guarantees for European security, as it is seen by members of the organization. However, this does not rule out the expansion of bilateral ties with those countries that do not aspire to join NATO. Therefore, measures associated with the program and the expansion of NATO are processes that proceed in parallel planes. One may look for common elements among them, but without trying to put an equals sign between them.

The organizers of the program firmly emphasized that the participation in the program is not a kind of ticket to joining NATO. This is in conformity with the requirements of common sense.

[Shkurko] What is your attitude toward Russia's membership of the "Partnership for Peace" program? As is known, Russia insists upon a special status in relations with NATO, a status different from that of other partners.

[Hrechanynov] Formally speaking, every participating country has a special status, because every one of them prepared its presentation document, reflecting political interests and economic possibilities. It is natural that they vary from country to country.

It would be incorrect to compare, for example, Estonia and Russia simply in view of their geographical dimensions, not to mention other, political and economic, factors. However, Estonia, Russia, or any other country, once they take upon themselves obligations, must build relations among themselves based strictly upon principles of partnership, relations in which there is no room for diktat or disrespect for one another.

I do not think that Russia will be granted some extraordinary status in the program. However, nobody objects to its participation in the program. Russia is a great power whose participation in general European programs is very important. It would simply be unreasonable not to take into account Russian interests in the process of building European security. It is much more important to create conditions under which these interests would not be at variance with the current problems of democratic development in the European home, whose building has just started.

In my opinion, Russia must join the program without enjoying special preferences. However, this cannot be an obstacle to concluding any bilateral accords between NATO and Russia.

[Shkurko] Joint exercises within the framework of the "Partnership for Peace" program are, so to speak, a practical part of the program. What specific questions are being answered during the exercise? Do you think that this is useful for our servicemen from the point of view of acquiring experience or exchanging it with their Western colleagues?

[Hrechanynov] Last year, three naval and two ground exercises were held within the framework of the program. Here, it must be pointed out that the exercises were purely tactical, at the level of individual subdivisions and warships of partner countries. I stress once again that the "Partnership for Peace" program is not a military alliance; it is a program that promotes the development of bilateral relations between the armed forces of partner countries, but does not envisage stringent obligations regarding joint efforts in the security sphere.

The great advantage of participating in joint exercises lies in the fact that Ukraine has an additional possibility to establish itself and show the potential and the

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level of battle training of its national Armed Forces. The Ukrainian warship "Hetman Sahaydachnyy," for example, has shown its best qualities in the "Breeze-94" exercise and was commended by those in charge of the exercise. Incidentally, our Naval Forces have already been invited to participate in the next round of this training — "Breeze-95." With regard to ground exercises, they were held in Poland and in the Netherlands. It is significant that, for the first time, military subdivisions of countries of the former socialist camp entered the territory of NATO countries. In my opinion, this is a very significant example of the growing trust in Europe. During the first exercise, Ukraine was represented by a platoon of the Iron Motorized Infantry Division. During the second exercise, in the Netherlands, a platoon of the Zhytomyr Airborne Troops Training Formation showed its worth. I heard reaction to our servicemen's actions at those training sessions, and not only from our officers, but also from servicemen of foreign states. The Ukrainian soldiers demonstrated their ability, even though sometimes it was difficult for them to compete with representatives of elite troops of Western states, in which the majority of soldiers are professionals who have practical experience of service in UN peacekeeping missions.

I would not call the training within the "Partnership for Peace" program purely military. The soldiers worked out practical tasks for troops in maintaining peace and exchanged experiences. Precisely this experience, which helps avoid unnecessary losses among personnel, is already applied in training centers of Ukraine's Armed Forces, where soldiers and officers are prepared for service in UN peacekeeping missions, in particular, in the former Yugoslavia.

Incidentally, the joint Ukrainian-U.S. exercise "Peace Shield-95" is the first attempt at holding on our territory military training that is in full conformity with the spirit of the "Partnership for Peace" program. It is possible that it is a precursor of future multinational exercises to be organized by Ukraine.

It must be added that, in the framework of the "Partnership for Peace" program, the Ukrainian side does not take upon itself more responsibility than it is able to cope with. For that reason, all the outlays associated with our participation in the program are fully justified. Besides, the fact that the "enemy image" that had loomed over Europe over decades has ceased to exist for the exercises cannot be estimated in terms of money.

[Shkurko] The participation of Ukrainian subdivisions in the program indicates that we do not disregard the experience of military building gained in Western countries. How do you assess our Armed Forces' prospects from this point of view? Many questions arise on how to improve the system of civilian control over the Armed Forces, specify functions of military-political and strictly military structures in the military department, those pertaining to restructuring the Defense Ministry itself, and many others.

[Hrechanynov] Ukraine must, undoubtedly, intensify its activity on expanding civilian democratic control over its Armed Forces, achieve greater openness of the army to society, and ensure noninvolvement of its servicemen in political activity. It is necessary to create a state mechanism for civilian democratic control over the army.

The appointment of a civilian defense minister means that an important and straightforward mechanism for democratic control over Ukraine's Armed Forces has been created. With regard to structural changes, they may be most effective in the civilian Ministry of Defense. This will, undoubtedly, be a revolutionary step for our former system. However, this revolution must be carried out in an evolutionary way. We can no longer afford to use the trial-and-error methods of recent years.

[Shkurko] Thank you.

National Security Council Secretary Interview

WS0106134395 Kiev KIYEVSKIYE VEDOMOSTI in Russian 31 May 95 p 3

[Unattributed report on interview with Volodymyr Horbulin, secretary of the Ukrainian National Security Council; place and date not given: "Volodymyr Horbulin: 'We Are Unable To Exert Military Pressure on Bosnian Serbs. We Must Search for a Political Way....'"]

[FBIS Translated Text] "The current situation in Yugoslavia is certainly an object of the most intense attention from the Ukrainian president and the Defense and Foreign Ministries," National Security Council Secretary Volodymyr Horbulin said in an interview with KIYEVSKIYE VEDOMOSTI. "Despite the fact that letters signed by [Ukrainian Foreign Minister] Udovenko and [Ukrainian Defense Minister] Shmarov have already been sent to the United Nations, a letter to [UN Secretary General] Butrus Butrus-Ghali, signed by our president, has also been prepared. Additionally, it has been discussed and decided to send to Yugoslavia a deputy defense minister, or perhaps the General Staff chief, to directly participate in talks on the spot. This decision will be made by the Ukrainian president. Moreover, through our permanent mission in New York, we are exerting pressure on the UN Security Council: It should deal with this issue today. The complexity of this problem lies in the fact that one of the Bosnian Serbs' indis-

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putable conditions is that Security Council representatives arrive in Yugoslavia to somehow condemn those who made the decision on air strikes. Naturally, it is not so easy to untangle this mass of international contradictions. We are extremely concerned over the fate of our servicemen, however. Along with all international organizations, we will take all required measures to ensure their security. And we ourselves will do everything to directly get in touch with representatives of Bosnian Serbs."

[KIYEVSKIYE VEDOMOSTI] Are we ready for any untraditional steps to protect our citizens? After all, virtually a bureaucratic scheme has currently been used anyway, including letters, etc.

[Horbulin] "But what do you understand as a nonbureaucratic option? The use of military force? We are currently unable to exert direct military pressure on Bosnian Serbs (and thank God that we are unable to do so). We must search for a political way, because I think that in case of another military action, the hostages may lose their lives. Who will then bear the responsibility for this?"

National Affairs

Parliament Rules Out Kuchma-Proposed Referendum

AU0106170595 Paris AFP in English 1628 GMT 1 Jun 95

[FBIS Transcribed Text] Kiev, June 1 (AFP) — The Ukrainian Parliament on Thursday [1 June] ruled out a referendum proposed by President Leonid Kuchma in order to break months of deadlock between the head of state and the conservative parliament.

The parliament ruled that the referendum Kuchma wanted to hold on June 28 on confidence in the presidency and in the parliament was unconstitutional.

A total 252 deputies voted in favour of vetoing the proposal, made Wednesday by Kuchma, while 20 abstained and nine voted againt.

Supreme Council Appeal Proposes Kuchma Meeting

LD0106195595 Kiev UNIAN in Ukrainian 1715 GMT 1 Jun 95

[FBIS Translated Text] Kiev — The Supreme Council adopted an appeal to President Leonid Kuchma in connection with his edict to conduct a public opinion poll (258 votes in favor, 5 votes against, and 5 abstentions).

The parliament proposed that the president hold a meeting with the Supreme Council leadership to map out a plan of joint actions.

The appeal says the parliament scrutinized the 31 May edict. In the opinion of the overwhelming majority of deputies, this move will not contribute to the consolidation of the state.

At the same time, the parliament shows understanding of the president's desire to consolidate the executive power and overcome the economic crisis, the appeal says.

The Supreme Council expressed readiness to cooperate constructively with the president and proposed to join efforts to draft a new constitution and legislative acts aimed at reforming the economy and overcoming the crisis in the state.

Kuchma Urged To Submit New Cabinet List by 8 Jun

LD0106195795 Kiev UNIAN in Ukrainian 1725 GMT 1 Jun 95

[FBIS Translated Text] Kiev — The Supreme Council of Ukraine has approved a resolution — "On the Formation of the Government (the Cabinet of Ministers) of Ukraine" — which proposes that the president submit a list of government candidacies for the approval of the Supreme Council of Ukraine by 8 June 1995, as envisaged in Points 6 and 7 of Article 114-5 of Ukraine's Constitution. The resolution was approved by 256 votes to 11 votes, with 11 abstentions.

Bill To Amend Constitution Given First Reading

LD0106210695 Kiev UNIAN in Ukrainian 1725 GMT 1 Jun 95

[FBIS Translated Text] Kiev — On 1 June, the Supreme Council of Ukraine gave the first reading to a draft law, submitted by People's Deputy Vladyslav Nosov, on amending the current Constitution of Ukraine in order to give the president the right to hold a referendum on confidence/no-confidence in the Supreme Council of Ukraine and to give parliament the right to impeach the president (220 votes "in favor," 36 votes "against," and 12 abstentions).

The second reading of the draft law, whose adoption will require a constitutional majority, is scheduled for 6 June 1995.

Text of President Kuchma's Plebiscite Decree

WS0206114795 Kiev INTELNEWS in English 0224 GMT 2 Jun 95

[Text of Ukrainian President Leonid Kuchma's Decree No. 413/95 "On Conduct of a Plebiscite on the Issue of Ukrainian Citizens' Confidence in the President of

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Ukraine and the Parliament of Ukraine" issued on 31 May — "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, June 1 — The following is the text of the decree issued by President Leonid Kuchma on Wednesday [31 May] ordering a June 28 plebiscite of confidence in the president and parliament. The decree was vetoed by parliament on Thursday [1 June], the day after it was issued.

Decree of the President of Ukraine

On Conduct of a Plebiscite on the Issue of Ukrainian Citizens' Confidence in the President of Ukraine and the Parliament of Ukraine

Due to the fact that the solution of issues on delimitation of powers between the legislative and executive, and the formation of a legislative basis for an increase in the efficiency of administrative activity are blocked in the parliament, which has a negative effect on the execution of urgent anti-crisis measures, fighting corruption and organized crime, results in a lack of power and anarchy in the state, makes overcoming socio-economic tensions in the state difficult and endangers the security of the Ukrainian people; and with the purpose of determining Ukrainian citizens' attitude to the activities of the president of Ukraine and the parliament of Ukraine and in accordance with the Clause 47 of the Law on All-Ukrainian and Local Referendums, I decree:

1. To conduct on June 28, 1995, a plebiscite on the issue of Ukrainian citizens' confidence in the president of Ukraine and the parliament of Ukraine.

2. To put onto plebiscite ballots the following question:

"Do you have confidence in the president of Ukraine or the parliament of Ukraine?;"

as well as two versions of an answer to this question:

"I have confidence in the president of Ukraine",

"I have confidence in the parliament of Ukraine".

3. To set up the order of voting as follows:

In case of expressing confidence in the president of Ukraine, the words "I have confidence in the parliament of Ukraine" shall be crossed out;

In case of expressing confidence in the parliament of Ukraine, the words "I have confidence in the president of Ukraine" shall be crossed out.

The ballots in which the both or neither of the two versions are crossed out will not be taken into account during counting of the votes.

4. To set the form of ballots with the dimensions of 150 x 160 mm (attached).

5. In order of preparation for and conduct of the plebiscite, to form:

A Central Committee for Plebiscite Conduct in Ukraine;

A committee of the Autonomous Republic of Crimea for plebiscite conduct;

Oblast, district, city, district in cities, settlement and village committees for plebiscite conduct;

Voting station committees for plebiscite conduct.

To conduct the plebiscite in the constituencies for election of the deputies of Ukraine.

To appoint Mykola Khandurin chairman of the Central Committee for Plebiscite Conduct in Ukraine.

Khandurin shall, in five days term, submit his proposals on the personnel complement of the Central Committee for Plebiscite Conduct in Ukraine, providing representation in it, in particular, for political parties, trade unions and other public organizations and working collectives.

6. To charge the prime minister of the Autonomous Republic of Crimea and the appropriate local Radas chairmen, with approval of the personnel complement of committees for plebiscite conduct.

7. Khandurin shall, in five days term, submit the draft regulations on order of preparation for and conduct of the plebiscite in Ukraine.

8. The Government of Autonomous Republic of Crimea and local state executive power bodies shall render comprehensive organizational and technical help to the committees for plebiscite conduct.

9. The Cabinet of Ministers of Ukraine shall provide financing of the plebiscite at the expense of Cabinet of Ministers reserve fund assets.

The President of Ukraine
L. Kuchma
Kiev May 31, 1995
No. 413/95

Parliament Reacts 'Swiftly' to Plebiscite Decree

WS0206112595 Kiev INTELNEWS in English 0224 GMT 2 Jun 95

[Report by Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, June 1 — Parliament reacted swiftly Thursday to President Leonid Kuchma's plan for a nationwide vote of confidence in the nation's legislative and executive branches, vetoing the presidential decree ordering the vote the day after it was issued.

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By a vote of 252 to 9, the Rada [parliament] voted to cancel the June 28 plebiscite Kuchma announced on Wednesday night television, saying that the plan violated Ukraine's Constitution and laws.

Parliament, by the same resolution, prohibited the Cabinet of Ministers, the Government of the Autonomous Republic Crimea and other bodies of the state executive power from spending money from the state budget to conduct referendums and plebiscites of any kind in 1995.

The heated debates over the Kuchma decree started early Thursday morning during a parliament Presidium meeting convened in the wake of the Kuchma television address. After two hours of Presidium discussion, the scene shifted to the full parliament.

Legal Committee Chairman Volodymyr Stretovych argued that the president, under the current Ukrainian Constitution, has no right to conduct the vote. Stretovych cited article 97 of the current Constitution, which says that the only legislative body in Ukraine is parliament and it has the exclusive right to conduct nationwide referendums.

However, according to article 47 of the Ukrainian law on nationwide and local referendums, to which the president's decree refers, Stretovych said that the president, as well as every Ukrainian citizen, institution and organization has the right to conduct opinion polls.

"But citizens of Ukraine must know that such a poll, which noted in presidential decree, would not have any political consequences," said Stretovych.

Thursday's resolution also requested that the president submit formally to parliament the constitutional agreement he has been trying to persuade deputies to sign individually in order to end the impasse created by parliament's refusal to enact his Power Bill.

This plank was inserted into the resolution by the Unity faction, in conjunction with former President Leonid Kravchuk.

Kravchuk appealed to Kuchma as the second president of Ukraine to submit his proposed agreement to parliament.

"I cannot permit that (Parliament) goes to the president to kneel," said Kravchuk.

In the meantime, more than 140 deputies submitted the draft agreement to parliament's Secretariat, but parliament Speaker Oleksandr Moroz said Thursday he "did not see the draft."

A large part of Reforms and Interregional Deputy groups have not yet signed the agreement as expected. Roman Bezsmertniy, a member of the Conciliatory Committee for preparation of the bill, said "the alliance of eight factions has broken because of the political ambitions of some deputies, who counted on getting something in exchange for signing the agreement."

In a related development, parliament also approved in the first reading a law on changes to the Constitution which would give the president the right to declare confidence referendums. The amendments would also give parliament the right to impeach the president.

The law was preliminary approved by a simple majority in parliament (220-36). During the second and final reading the measure would require at least 300 'yes' votes.

Kuchma Reiterates Need for Plebiscite on Reform

LD0206110595 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] KIEV, May 2 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has declared that the people should be "the main judge" in current relations between the president and parliament.

No one has the right to forbid the president to learn his electorate's view, he declared Thursday night in an interview with Ukrainian journalists, accompanying him on a trip to Brussels.

Kuchma reiterated readiness "to sign a constitutional accord" with parliament and leading political forces and to revoke his Decree on Holding a Referendum on Confidence in the President and the Parliament, if "a constitutional majority" adopts a decision to put the power bill into effect.

In Kuchma's view, Ukrainian parliament "has brought us to the point where privatization has virtually been halted, together with land and other reforms."

Asked by INTERFAX-UKRAINE whether he intended to meet Ukrainian Parliament Chairman Alexander Moroz on June 2, Kuchma replied that he did not, adding that he will meet in Kiev with the Russian president's advisers visiting Kiev, and then set out on a working tour of Cherkassy.

Council of Regions Supports Referendum Proposal

WS0106132095 Kiev Ukrayinske Radio First Program Network in Ukrainian 1000 GMT 1 Jun 95

[FBIS Translated Text] The Council of Regions subordinated to the president of Ukraine has discussed certain measures aimed at overcoming the economic and political crises in Ukraine. According to official sources, in a

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resolution passed on 31 May the members of the Council of Regions, who are oblast council chairmen, unanimously supported the Ukrainian president's initiative to address the Ukrainian nation — the sole source of power in the state — to reveal the citizens' stance regarding the Ukrainian president's policy and the Ukrainian Supreme Council's activities. The members of the Council of Regions decided to participate directly in the timely implementation of measures related to a Ukraine-wide opinion poll on issues suggested by the Ukrainian president, and declared their readiness to share with the Ukrainian president the responsibility for organizing socioeconomic and political life in Ukraine.

Ukrainian MPs Comment on Voting on Plebiscite

LD0206124495 Moscow INTERFAX in English 1202 GMT 2 Jun 95

[FBIS Transcribed Text] KIEV, June 2 (INTERFAX-UKRAINE) — Under the Ukrainian Constitution the president cannot override the parliament's veto on his plebiscite decree, former president Leonid Kravchuk, MP, told INTERFAX-UKRAINE Friday [2 June].

Commenting on the yesterday's veto Kravchuk said that the Supreme Soviet gave Kuchma a chance to get out of his predicament.

Oleksandr Lavrinovich, deputy chairman of the Legal Policy and Judicial Reform Commission, said that the president cannot ignore the veto and go ahead with his decree. In Lavrinovich's view, the decree was null and void from the beginning because it was unconstitutional. By vetoing it parliament "in a way legitimized the decree," he said.

Lavrinovich believed that when he signed his decree Kuchma lost numerous supporters in parliament. He said that most MPs backed Kuchma's reforms but did not favor steps such as his decree.

Sergey Sobolev, leader of the Reforms group, said that if the Constitutional Accord were to be signed now, there would be much fewer signatories. He said that the president had signed his decree without consulting the MPs who have lost heart.

Sobolev believes that if the president disagrees with parliament's resolution, all anti-presidential forces will rally. "This will be very dangerous," he said.

Oleksandr Karpov, MP, said that the decree was constitutional and the veto, quite legitimate. If the decree is implemented, nothing good will come out of it, he believed.

Yuriy Buzdugan, chairman of the Social Policy and Labor Commission, said that if the president does not implement the Supreme Soviet's decision, the prosecutor's office should intervene.

In his view, the decree had been worse than a crime because it alienated the president's supporters in the Supreme Soviet.

Former Supreme Soviet chairman Ivan Plyushch told Interfax that by his decree the president alienated Kuchma's supporters but not supporters of the president as the guarantor of the statehood.

Plyushch said that if he were president he would go ahead with the plebiscite.

Plebiscite Seen Following Yeltsin 1993 Model

MK0206115095 Moscow KOMMERSANT-DAILY in Russian 2 Jun 95 pp 1, 3

[Report by Aleksandr Koretskiy under "Ukraine President's Appeal to the People" rubric: "Leonid Danilovich Follows in the Footsteps of Boris Nikolayevich"]

[FBIS Translated Text] In the evening of 31 May, without prior announcement (which was supposed to increase the impact), Leonid Kuchma addressed the Ukraine people on TV. His speech was short but colorful. The gist of it is this: All economic and other woes come from the senseless and endless power struggles between the leftist parliament, "braking reform," and the president. The increasing political confrontation places the country on the verge of economic catastrophe and makes the threat of forcible resolution of the conflict a realistic option. In this situation "only one judge can dispense justice, and this judge is the people," the president said. And he signed an edict on holding 28 June 1995 an all-Ukraine plebiscite on confidence in the president and the Supreme Council. There are no guarantees that the nationwide expression of will will not be followed by forcible disciplinary measures.

Signs are that the straw that broke Kuchma's back was the results of the 31 May session of the Council of Ukraine Regions (it includes the chairmen of the regional councils). The members of this consultative body, which is reminiscent of the Federation Council that existed in Russia in 1993, stated their readiness to share with the Ukraine president "the entire responsibility for organizing the socioeconomic and political life of the state." It will be recalled that all attempts by Kiev to address "the key question of any revolution — the question of power" [reference to Lenin] have proved futile.

In the past few days Ukraine politicians were simply in gridlock. Parliament, under the president's pressure, finally adopted the Law on Government, giving Kuchma broad powers to conduct reform. But it refused to adopt

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a resolution to enact it. For which it had to pay its price: The law would have deprived Kuchma of the right to dissolve parliament and hold the referendum on any question except the adoption of the constitution. But as long as the law is inoperative, any appeals to it have no legal validity. Meanwhile the deputies began to contest Kuchma's decision as of yesterday morning. Some of them, in particular former President Leonid Kravchuk, even spoke about "the threat of degradation of the power establishment and society," brought on by the Ukraine president's recent moves.

The deputies believe that to announce a plebiscite, Kuchma and company first should have raised 3 million signatures and transferred them to the Supreme Council, which would then decide whether the plebiscite is necessary. But even in this case, under current legislation, the poll would not have been called if "it involved representatives of supreme power bodies." Such is the opinion of the deputies who spent the entire first half of yesterday in active factional consultations, in a bid to work out a single position with respect to Kuchma's initiative. But nearly half the deputies support his policy of "decisive action," and therefore the Supreme Soviet has virtually no chances effectively to resist the president.

It is also noteworthy that until recently Ukraine has had no experience of holding consultative referendums. There have been elections, and they were quite successfully managed by the Central Electoral Commission. But to hold this poll, Central Electoral Commission Chairman Ivan Yemets said yesterday, "absolutely new bodies" will be set up which in effect supersede the entire network of electoral commissions — from Central to district. If this is true, Kuchma supporters will need to organize 27 okrug and 34,000 district election commissions. It will also be necessary within a very limited time span to print and distribute 38.5 million ballot papers in the regions. One can only guess how much this will cost: Their mere printing requires 400 tonnes of paper. And this does not count the costs of the corresponding propaganda preparation of the event itself. The time frame chosen by Kuchma for the referendum — 27 days — shows that his team decided to hold the poll earlier than the evening of 31 May. It is simply that on that day Kuchma, enlisting corresponding support and guarantees, finally became convinced of his victory over the "anti-reformist" Supreme Council.

So far one can only guess at the steps Kuchma will take based on the poll results. His inner circle maintains that the plebiscite is an exclusively advisory event which will not necessarily be followed up by any power action. That is to say, it may or may not be. In all likelihood, everything will depend on the specific correlation of those trusting Kuchma and those who will give their preference to the Supreme Council and its head Oleksandr Moroz, who has become Kuchma's political antagonist. The personal relationship between these politicians is strongly reminiscent of recent Russian history. Commenting on the current situation yesterday, Kravchuk stated that a compromise between the Supreme Soviet and the president is virtually impossible: "What interaction can there possibly be if they cannot even communicate by telephone."

And still some "disciplinary measures" with respect to parliament, based on the outcome of the referendum, will definitely follow. Surely it was not for the sake of curiosity that the question of confidence in the Ukraine Supreme Soviet was included in the referendum list by presidential edict. It seems that two years ago in Russia there was also a "consultative" poll, and there was also talk about securing some moral rights. Those rights were realized in October 1993. It is so far hard to say whether Kuchma will follow in the footsteps of his Russian counterpart. One thing is clear though: The direction of the movement and the gait are the same.

Parliament Set To Pass New Election Law Soon

LD0106204195 Kiev UNIAN in Ukrainian 1725 GMT 1 Jun 95

[FBIS Translated Text] Kiev — The Supreme Council of Ukraine today approved a resolution "On introducing amendments to the law of Ukraine 'On the election of people's deputies of Ukraine,'" under which it was proposed that the Supreme Council Commission for State Building, Activity of Councils, and Self-Government draft amendments to the above law and submit them for the consideration of the Supreme Council by 20 June. In particular, it is envisaged to reduce the number of electors required for the elections to be recognized as valid (today's quota is 50 percent of the electors entered into the electoral register).

Ukrainian Supreme Council Chairman Oleksandr Moroz said the parliament should prepare a new legislative electoral basis in case early parliamentary elections become a reality as a result of holding a referendum under a new constitution of Ukraine.

The Supreme Council Commission for Legal Policy and Court and Legal Reform was instructed to accelerate the consideration of a draft new law of Ukraine on the election of people's deputies of Ukraine and its submission to the session.

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Poll Suggests Kuchma Influenced by Aides

LD0206103495 Moscow ITAR-TASS in English 0944 GMT 2 Jun 95

[By Galina Nekrasova]

[FBIS Transcribed Text] LVOV June 2 (Itar-Tass) - A public opinion poll carried out by Ukraine Sociology Service in Kiev found that the Ukrainians are of the view that President Leonid Kuchma is influenced by presidential administration head Dmytro Tabachnyk.

The public opinion also rates as closest to the president acting Prime Minister Yevheniy Marchuk, Defense Minister Valeriy Shmarov, regional policies aide Vladimir Grinev and cabinet minister Valeriy Pustovoitenko.

Poll Shows Kuchma Would Win Confidence Vote

WS0206115795 Kiev INTELNEWS in English 0224 GMT 2 Jun 95

["Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, June 1 — If a nationwide plebiscite on confidence in President Leonid Kuchma and the parliament were held today, the president would win, according to a poll conducted by the Democratic Initiatives Center in Kiev, Donetsk, Lvov and Simferopol from April 28 to May 10.

The sampling represented the adult urban population. The numbers of polled were as follows:

Kyiv	429
Donetsk	402
Lviv	399
Simferopol	400

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What Is the Level of Your Confidence in President Kuchma?

	Lviv	Kyiv	Donetsk	Simferopol
No confidence	11.0%	18.2%	26.9%	34.3%
More distrust than confidence	8.8%	11.2%	16.2%	25.3%
Difficult to say	22.6%	25.0%	25.9%	28.2%
More confidence than distrust	34.6%	32.5%	21.9%	10.7%
Complete confidence	23.1%	13.1%	9.2%	1.5%

What Is the Level of Your Confidence in Parliament?

	Lviv	Kyiv	Donetsk Simferopol
No confidence	46.6%	41.6%	37.6%
More distrust than confidence	25.3%	21.7%	21.1%
Difficult to say	18.0%	29.2%	28.6%
More confidence than distrust	9.3%	6.5%	9.5%
Complete confidence	1.0%	0.9%	3.2%

Results of June Poll To Have No Legal Consequences

LD0106174395 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] KIEV, June 1 (INTERFAX-UKRAINE) — The returns of a national opinion survey on confidence in Ukraine's president and parliament ordered by President Leonid Kuchma and scheduled for June 28 will have no legal consequences, a senior member of the Ukrainian parliament said on Thursday.

"The president has the right to a sociological survey, but, under the Law of Ukraine on All-Ukraine and Local Referendums, the survey will have no legal force," Volodymyr Stretovich, chairman of parliament's Commission for Legal Policy and Legal Reform, told the legislature.

Stretovich pointed out that, by presidential order, the poll was to be financed from a reserve government fund. But the law allows making use of the fund only in emergencies, he added.

Crimean Tatar Repatriation Viewed

WS0106130095 Kiev INTELNEWS in English 0214 GMT 1 Jun 95

[Interview with Viktor Yakovlev, head of the Deported Nations Department of the Ethnic Minorities, Migration and Religion Ministry, by Volodymyr Katzman; place and date not given — first paragraph is INTELNEWS introduction; "Special to INTELNEWS" feature]

[FBIS Transcribed Text] It's been more than 50 years since the Soviet Union began the forcible expulsion of more than 500,000 Tatars from their homeland in Crimea. As many as half that number have returned since independence; most of them to conditions of dire poverty. INTELNEWS correspondent Volodymyr Katzman spoke recently with Viktor Yakovlev, head of the Deported Nations Department of the Ethnic Minorities, Migration and Religion Ministry about the problems involved in settling this large group and the steps the government is taking to resolve the situation.

[INTELNEWS] How many Crimean Tatars have already returned to Crimea ?

[Yakovlev] The peak of their repatriation came in 1992 and 1993, when about 80,000 Crimean Tatars

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returned to their homeland. Starting in 1994, due to economic difficulties caused by the homecoming, the repatriation process exhibited a downward trend. Last year, only 11,000 Crimean Tatars returned to their native land. According to our estimates, this year's number of repatriates will not exceed 10,000. Most of the newcomers will return home to reunite with their families. The number of Crimean Tatars currently living in Crimea totals 240,000. An equal number living abroad want to return home. If Ukrainian economy recovers, the number of Crimean Tatars will exceed 500,000.

The majority of Crimean Tatars are newly-arrived from Uzbekistan. Some Crimean Tatars in Tajikistan left the troubled country looking for a refuge in Crimea. All of Crimean Tatars now live in Kazakhstan, Kyrgyzstan and Russia, mainly in the Northern Caucases. Very few cases of movement of Crimean Tatars from Turkey have been registered.

[INTELNEWS] Does Ukraine have a repatriation program for deported nations ?

[Yakovlev] To my regret, no program has been elaborated yet. There are nothing but separate drafts, particularly a plan on settlement of newcomers, as well as separate construction projects. However, the Migration Ministry has started elaborating the program, necessary funds have been earmarked and the organization to implement the program has been already selected. This is the Kiev Institute "Hidrohrad." The program envisages sweeping housing construction, development of social programs for 500,000 Crimean Tatars and 50,000 Bulgarians, Armenians, Greeks and Germans returning to the peninsula.

[INTELNEWS] How does the government control the flow of newcomers, including Crimean Tatars?

[Yakovlev] In official terms, the process is a voluntary, organized, I want to emphasize, organized return and settlement of the deported. Crimeans. This term of the repatriation process of Crimean Tatars, however, has not been met by Crimean Tatars. It turned out that Crimean Tatars moved to Crimea by their own will without waiting until houses were built because they realized that the process could drag for years. I cannot reproach them, but such a decision has led to numerous problems.

[INTELNEWS] Can Crimean Tatars receive Ukrainian citizenship?

[Yakovlev] Article 17 of the Ukrainian Citizenship Law, which regulates granting citizenship to persons born in Ukraine and children of persons born in Ukraine, applies to Crimean Tatars. Although Crimean Tatars can receive citizenship more easily, difficulties remain. According to the law, to get Ukrainian citizenship, they should obtain a certificate on renouncing their foreign citizenship. However, for various reasons, many of the repatriated Crimean Tatars cannot get such a document. As a result, today about 60,000 Crimean Tatars living in Ukraine do not have Ukrainian citizenship. That is why the Migration Ministry suggested that, according to Article 2 of the Citizenship Law, Crimean Tatars should have the same status as persons who legally left Ukraine for other Commonwealth of Independent States countries for training, military service, etc. In this case, representatives of the deported nations would just have to confirm their Ukrainian citizenship at a passport registration office.

[INTELNEWS] Who is currently financing the process of Crimean Tatar repatriation ?

[Yakovlev] In Soviet times, the program of repatriation and resettlement of Crimean Tatars was mainly financed from the all-union budget. A certain part of money was allocated by Ukraine and other republics of the former Soviet Union. In spite of the fact that in October, 1992 in Bishkek (Kirgyzstan) several republics — legal successors to the USSR — signed an agreement on cooperation in repatriation and social adaptation of the deportees, today Ukraine is the only country implementing this agreement. Moreover, according to the Migration Ministry, some CIS countries, trying to retain highly skilled labor, prevent Crimean Tatars from repatriating.

This year Ukraine has allocated 2.5 trillion karbovantsi [K] for the needs of the repatriated deportees. This figure includes K1 trillion allocated from the state budget and K1.5 trillion in the form of capital investments envisaged by a 1995 state program of socio-economic development. About 80 percent of this money is designed for social adaptation of Crimean Tatars.

The process of repatriation is also financed by the autonomous republic's local authorities. However, the Crimean Government's contribution is very insignificant. Suffice it to say that in 1995 Crimean Government has allocated only K40 billion for this purpose. This money would be enough only to support the famous (Crimean Tatar) folk song and dance ensemble Khaidarma and Crimean Tatar national theater. Bearing in mind the current difficult economic situation in the autonomous republic, I think that Simferopol should invest more money in Crimean Tatar projects.

Today about 9,000 Crimean Tatar families are on a waiting list for housing. Another 21,000 families have started construction of private houses, but, because of economic problems, they are unable to finish. For the

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same reasons, construction of houses for the deportees that started in the early 1990's has not yet been completed. In 1994, the total estimated cost of the unfinished construction projects in the autonomous republic was K18 trillion. So construction of new projects today is out of question.

I would like to point out one more thing. The construction trusts that are currently engaged in construction of houses for the deportees and other organizations that provide these construction sites with necessary communication lines mainly consist of Crimean Tatars. All in all, about 8,000 Crimean Tatars are currently employed in such organizations. The money allocated by the government is not enough, and most of this money has been already spent. If we do not procure the required funds today, in the third and fourth quarters we may have problems with payments of wages. The government should urgently provide additional investments. Today it is unreasonable to save money, because later we will have to pay a much higher price.

Crimean Companies Warned Against Property Transfer to Kiev

LD0206125195 Moscow INTERFAX in English 1202 GMT 2 Jun 95

[FBIS Transcribed Text] SIMFEROPOL, June 2 (INTERFAX-UKRAINE) — Crimean leaders have warned local industrial managers against any transfer of regional property to Ukraine.

This follows a Crimean parliament resolution of May 24 offering Kiev to suspend its own resolution to bring regional property under Ukrainian control which Simferopol says was taken unilaterally.

The Ukrainian parliament is also asked to suspend the controversial resolution until a sharing out of state property in Crimea.

Kiev laid its hand on a total of 729 Crimean facilities including local rest homes, collective farms, food processing companies, military installations and a large part of educational establishments and research centers.

Reports on Chernobyl Reactor Incident Denied

LD0106184495 Moscow INTERFAX in English 1323 GMT 1 Jun 95

[FBIS Transcribed Text] KIEV, May 31 (INTERFAX-UKRAINE)— Director of the Chernobyl Atomic Power Station Sergey Parashin has refuted media reports about an incident at the third reactor.

The information service of the Chernobyl station reported to Interfax-Ukraine that operators discovered the appearance of water in one of the facilities of the third reactor on the night of May 30.

Parashin reported to journalists that the reason for the leakage "was found and removed within 30 minutes."

"The appearance of water in the reactor's rooms has not led to any increase in the established norms and limits for the station's safe exploitation. This event is outside the international scale adopted for grading events at atomic electric power stations," he declared.

"There is no grounds for concern either for the personnel or for the population," Parashin said.

Economic Issues

Crimean Ministry Views Financial Crisis

954F2391A Simferopol KRYMSKAYA GAZETA in Russian 25 May 95 p 1

[Report on interview with Vilord Fridrikhovich Apananskiy, minister of Finance of Crimea, by S. Genin; place and date not given; under the rubric "Topical Interview": "We Are Deep In Debt"]

[FBIS Translated Text] As we know, the number of hypotheses explaining any phenomenon is inversely proportional to the amount of knowledge there is about it. Take, for example, the financial crisis. So many viewpoints have been expressed regarding its causes! But in the truly immense spectrum of judgments concerning this subject perhaps one hears most frequently the motif that the country is being robbed and capital is leaking out to go abroad. Well, it would hardly be reasonable to deny the existence of this phenomenon. But is the scale of the outflow really as striking as rumors describe it, since there are a number of other factors that affect the condition of the state "coffers" in a much more significant way? What are they? This question is answered by the minister of finance of Crimea, Vilord Fridrikhovich Apananskiy.

[Apananskiy] I am not the only one being asked this question. There is perhaps not a single state on the territory of the former Soviet Union where the thought has not been voiced: Why are we not swimming in money if the costs of maintaining the military-industrial complex have decreased so sharply, the river of financial aid to developing countries has run dry, and the party administrative staff, which in olden times was not averse to sticking its hand in the state pocket, has been abolished? And still there is not enough money. The reasons for this are the same for all countries of the Commonwealth, although, it would seem, each region has its own specifics. The existence of the shadow economy is only one of the constituent parts of the

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monetary-financial crisis, and far from the major one. The essence of the problem is that the transition period from a command-distributive economy to a market-driven one is fraught with expenses, mistakes, and objective difficulties. The general decline of production and the drastic reduction of its volumes have reduced revenues into the treasury, which could not but lead to a budget deficit. Do you need examples? Let us just look at how the budget of Crimea has been executed during the first quarter of this year.

Tax revenues into the budget of Crimea have been determined by the overall economic situation that has developed in the republic. Its signs are the same: the continuing decline of production, the growing inflationary processes, and nonpayments in the national economy. During the first quarter 7.5 trillion karbovantsy in revenues went into the budget system. Compared to the first quarter of 1994 the receipt of incomes on the whole increased sixfold, and compared to the fourth quarter—only 30 percent, as against the 75 percent set by the Ministry of Economics of Ukraine. The undercollection of revenues amounted to 2.6 trillion karbovantsy. The main revenue sources were the profit tax, the value added tax, and the income tax from citizens. Considerably below the projections for budget revenues were taxes and fees calculated depending on the minimum wage and also payment for water—6.6 percent. But one must remember that the law of Ukraine "On the State Budget of Ukraine for 1995" envisioned the collection of the aforementioned taxes envisioning an untaxed minimum—1,400 karbovantsy at the present time, that is, with a 23.3-fold increase. The Cabinet of Ministers also adopted a normative act to increase the rate of payment for water 15-fold effective 1 February.

The situation with mobilization of land payments into the budget is unsatisfactory. According to preliminary calculations, during the first quarter 1.4 trillion karbovantsy was to have gone into the budget. Actually only 476.7 billion karbovantsy was transferred. The situation is most difficult in Kerch, Feodosiya, Yevpatoriya, and Chernomorskiy and Leninskiy Rayons.

A negative effect on the execution of the budget with respect to revenues was exerted by nonpayments in the national economy, which led to the formation of indebtedness of enterprises and organizations to the budget for the first quarter in an amount of 308.4 billion karbovantsy.

Payment discipline is not at the proper level. Ten percent of the registered enterprises violated the established deadlines for payment of taxes to the budget, and every fifth one of these did not submit payment instructions in time, including when every tenth one which had funds in its working account.

An excellent illustration of the influence of economics on politics is the fact that because of the dragging out of the process of privatization of state-owned facilities in Crimea the budget failed to receive more than a 1.5 billion karbovantsy in revenues.

The abolition of the value added tax on imports had a negative effect on the revenue side of the budget. The direct losses of payments into the budget during January-February of this year amounted to more than 180 billion karbovantsy. The proposed compensation for these losses through increasing the tax on profit from the sale of imported goods never occurred, because with the abolition of the value added tax on imports, the factors contributing to its increase never took effect.

The absence of income from customs duties decreased the revenue side of the republic budget by 190 billion karbovantsy during the first quarter.

It is a reasonable question: What to do? What with the chronic shortage of tax revenues, when the edict of the president of Ukraine "On Regulation of Barter (Commodity Exchange) Transactions in the Area of Foreign Economic Activity" has not yet taken effect, it is necessary to resolve the problem of the use of barter, which is contributing to the lowering of the tax base and the shortage of payments into the budget. In order to partially compensate for these losses it is necessary to introduce a barter tax, if only in the amount of 3 percent. The existence of such a tax in the first quarter would have added 50 billion karbovantsy to the revenue side of the budget.

The fact that budget funds were so limited this year created a serious problem for the execution of the budget with respect to expenditures. The revenues received made it possible to finance only 60 percent of the minimum needs. There were allocations only for immediate needs.

Financing the network of social and cultural institutions is especially difficult under these conditions. In the first quarter alone 4.2 trillion karbovantsy was spent to finance it. At the same time, as of 1 April indebtedness to budget institutions amounted to a total of 1.85 trillion karbovantsy.

During the course of the quarter, because of the shortage of funds wages were not paid to workers of sociocultural institutions on time. By the beginning of April the sum of unpaid wages amounted to 170 billion karbovantsy.

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In order to render assistance to city and rayon executive committees in financing priority expenditures, loans were granted for an grand total of 1 trillion karbovantsy.

With the insufficiency of financial funds, the task of more effective utilization of existing resources becomes especially crucial. But frequently the funds are tied up in accounts receivable for extended periods of time and expenditures are financed without taking assigned allocations into account. Thus the Ministry of Health of Crimea in 1994, with allocations allotted for maintaining treatment institutions, assigned another 205 billion karbovantsy for centralized acquisition of equipment, which led to indebtedness for the institution as a whole at the end of the year of 102 billion karbovantsy. Moreover, 44 passenger cars were acquired, some of which were unjustifiably transferred to organizations not supported by the budget, such as the Farmatsia production association, the medical institute, and work-training shops. In a number of cases expenditures were made which should not properly come out of the republic budget: payment for the service of physicians at recreation bases during training, broadcasting a musical program for Medical Workers Day, and equipment of offices in the medical institute. The Ministry of Education, without having the appropriate funds, used 367 million karbovantsy for installing telecommunications services, 180 million karbovantsy for acquiring a motor vehicle for the House of Artistic and Technical Creativity, and 262 million karbovantsy for gasoline. In compliance with the labor agreement, 235 million karbovantsy were paid for doing preliminary work for creating a program for the development of education in the Republic of Crimea while the Center for Problems of Education, which is supposed to handle this activity, was functioning.

The period of economic crisis irreversibly reduces the real incomes of most of the population, and social protection takes the form of nonreimbursable assistance. The overall total of allocations for social protection of the population amounted to 1.5 trillion karbovantsy, or 19 percent of all expenditures. From these funds, 128 billion karbovantsy was spent to render state aid to families with children, compensations amounting to 624 million karbovantsy were paid to rehabilitated citizens, and subsidies to low-income citizens for bread and milk amounted to 178.5 billion karbovantsy.

At the same time, because of the shortage of funds in the local budgets, as of 1 April the remaining indebtedness on payment of compensation to families with children amounted to 119 billion karbovantsy.

A considerable share of the budget is taken up by costs of housing and municipal services. During the first quarter, because of the sharp increase in the cost of maintaining the housing supply and the growth of subsidies from the budget for covering the difference in the rates for heating and hot water supply for residential buildings, the share of budget allocations in the overall costs of housing operations organizations reached 80 percent.

Because of the establishment of preferential rates for the population for heating housing and for acquiring fuel, the Krymteplokommunenergy joint-stock company received 522 billion karbovantsy (the cost of heating 1 square meter per month amounted to 37,000 karbovantsy and the going rate for the population was 8,900 karbovantsy per square meter).

Funds from the republic budget were used to make compensatory payments to the Krymtoplivo association for coal sold to the population for a total of 150 billion karbovantsy, which made it possible for citizens to acquire 50,400 tonnes of coal at an average retail price of 3 million karbovantsy per tonne instead of 8 million karbovantsy.

According to the results of the first quarter, in order to provide for continuous operation of automotive and electric passenger transportation and grant benefits to 28 different categories of passengers, 167 billion and 100 billion karbovantsy were allotted from the republic budget to the Krymavtotrans TPO [expansion not indicated] and the Krymtrolleybus GPP [expansion not indicated], respectively.

In spite of the repeated raising of the rates for travel on passenger transportation, the share of actual revenues of transport organizations in the overall volume of financing is constantly decreasing because of the more rapid growth of transportation costs. During the first quarter more than 70 percent of the costs of passenger transportation was financed through the budget. For each passenger traveling on city transportation, the budget adds 5,000 karbovantsy.

For financing state capital investments, 231 billion karbovantsy was allotted, used mainly to repay the debt for work done in 1994.

For measures for stabilization of the socioeconomic situation in Crimea, 586 karbovantsy was spent, including for:

—construction of primary facilities of the Solnechnogorsk water reservoir—20 billion karbovantsy;
—completion of the construction of purification facilities in Simferopol, Saki, Staryy Krym, Bakhchisaray, and Kerch—90 billion karbovantsy;
—acquisition of specialized transportation—160 billion karbovantsy;

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—completion of the construction of the complex of water management facilities for moving water from the Vilinskiy water intake to the Zagorsk hydraulic complex—300 billion karbovantsy.

A certain amount of work has been done to render assistance to the agro-industrial complex. The kolkhozes and sovkhozes of the republic during the first quarter were granted preferential budget loans from the republic budget amounting to a total of 135 billion karbovantsy for conducting the planting campaign. Some 114.3 billion karbovantsy was allotted for irrigating agricultural land, which was 10 percent of the overall cost.

During the first quarter the kolkhozes and sovkhozes were fully reimbursed for sending students to rural schools—for a total of 2.7958 billion karbovantsy.

In order to provide budget institutions and the population with fruit and vegetables and other food products, preferential loans were granted from the republic budget:

—47 billion karbovantsy to fruit and vegetable combines for the purchase potatoes;
—60 billion karbovantsy to the Krymelevatorzernoprodukt production association for the purchase of grain products;
—8 billion karbovantsy to Krymmyasomoltorg for the purchase of butter.

In spite of the limits on budget allocations, funds amounting to 1.2 billion karbovantsy were found for:

—celebrating the first anniversary of fire protection in Ukraine and incentives for fire protection personnel;
—bonuses for the individuals working directly on the assignment for diverting water from the Alma River into the Izobilnenskoye water reservoir;
—incentives for certain individuals who participated in the recruitment of young people into the Armed Forces of Ukraine in 1994;
—measures related to the second anniversary of the law "On Civil Defense of Ukraine."

The financing of costs of maintaining state organs was kept within the minimum needs.

Such, in brief, is the picture with respect to the execution of the budget. Taking into account the shortage of funds for financing budget expenditures, the ministry has developed and submitted to the government measures envisioning reinforcement of the revenue base of the budget and the implementation of the financial policy in the utilization of budget funds.

A reform of the tax system is needed in order for the large network of small trading points to realistically produce a return without falling outside the general "tax space." Then the budget will begin to be supplemented more actively. And this is extremely necessary to all of us.

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Belarus

Hryb: Legal Amendments Could End Crisis in Parliament

LD0106204095 Moscow INTERFAX in English 1752 GMT 1 Jun 95

[From the "Presidential Bulletin" feature: by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Belarusian Parliament Chairman Mechyslaw Hryb has said that an early parliamentary session will be convened on June 14. He told a news conference in Minsk the decision was made by the parliament's presidium earlier in the day.

The urgent session of parliament will discuss the failed parliamentary elections. The session will also consider amendments to the law on parliament. IF Note: Two rounds of voting in Belarus, on May 14 and 28, resulted in 120 lawmakers being elected to the 260-seat legislature. Under the current law the parliament can make decisions only after 174 members (two-thirds of all of deputies) have been elected.

Hryb said he had held a meeting with President Alyaksandr Lukashenka. The president said that he would sign amendments to the law declaring the parliament valid if two-fifths of the total number of lawmakers (104) have been elected. Elections will be recognized as valid if the turnout for the fist round is 40% of the registered electorate, and not 50% established by the current legislation. The second round will be considered valid if 30% percent of voters show up at the polls.

Hryb believes that only these amendments can bring parliament out of its current crisis, because electing two-thirds of the deputies, in a situation when it is up to the voters whether to go to the polls or not, is impossible.

"If the old parliament fails to support this initiative, there will be no working parliament, neither old, nor new," Hryb said.

Foreign Minister Visits Netherlands, Belgium

WS0206110895 Minsk Radio Minsk Network in Belarusian 0300 GMT 2 Jun 95

[FBIS Translated Text] Belarusian Foreign Minister Uladzimir Syanko paid a visit to the Netherlands and Belgium on 30 May-1 June. The primary aim of the visit was to participate in the North Atlantic Cooperation Council session held in Noordwyk. Foreign ministers from 26 countries of Europe, as well as from the United States and Canada took part in this session.

As the BELINFORM reporter learned, Uladzimir Syanko held talks with foreign ministers of numerous European states, as well as with a special coordinator of the U.S. State Agency for Issues of Newly Independent States. He also met with the Netherlands Foreign Minister Hans van Mierlo. During this meeting, the sides discussed the state of bilateral economic cooperation in detail and outlined prospects for its development.

Moldova

Gen Lebed Comments on Directive Requesting Resignation

AU0106142595 Kiev HOLOS UKRAYINY in Ukrainian 31 May 95 p 6

[Report by Svitlana Chala, HOLOS UKRAYINY correspondent, from Chisinau: "Chisinau Is Against Lebed's Resignation"]

[FBIS Translated Text] The situation that has taken shape around the 14th [Russian] Army cannot be viewed other than paradoxical. The Russian Defense Ministry issues a directive on abolishing the army administration; the radio and television carry information on a new appointment for the commander; and the State Duma resolves that there is no reason to withdraw the army from the Dniester region.

Passions also rage in Chisinau. The Moldovan Ministry of Foreign Affairs makes a statement to the effect that the State Duma's interference in the Moldovan internal affairs is inadmissible. Petru Luchinshi, president of the Moldovan parliament, supports this opinion and comes out in support of Aleksandr Lebed assuring that, in the present situation, precisely such a general is acceptable for Chisinau. According to the commander himself, he did not get any official document from his ministry. Nor did he receive any proposals for a new appointment. I telephoned the commander and asked him whether he really intends to resign. [General] Lebed answered this: "The directive has just been received, and it is nine to one that I will send in my resignation." Will he agree to a new appointment if it is offered to him? The general answered in the negative, because "he does not accept gratuity." In the commander's opinion, the reorganization of the 14th Army planned by the Russian Defense Ministry is a way of settling accounts with him personally.

The reduction of what remains from the army by one-half and the abolition of its administration are complicating the situation in the Dniester Region, A. Lebed believes. Last year, there already was a 25 percent cut. Brigades in Rabnita and Dubasari were reorganized into battalions. Today, they cannot cope with the task of maintaining the hardware in normal condition or of guarding the weapons and ammunitions.

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To further reduce the military guarding services of the weapons depots would mean opening the door to looters. The Russian Defense Ministry did not take any measures for transferring weapons from there.

Besides, on 26 April, the Tiraspol leadership reiterated its position: Nothing from the 14th Army property should be withdrawn form the region.

Despite this, the Russian Foreign Ministry believes that there is no need for international monitoring of the 14th Army withdrawal. Sergey Krylov, Russian deputy minister of foreign affairs, stated at a news conference in Chisinau that bilateral control on the part of Moldova and Russia is quite sufficient. And that the situation in the Dniester Region, where there is no shooting today, fully warrants this.

Snegur Comments on Lebed Resignation

AU0106125495 Chisinau BASAPRESS in English 1909 GMT 31 May 95

[FBIS Transcribed Text] Tiraspol/Chisinau BASA-PRESS, 31/5/1995 — Sources from the 14th Army command confirmed the news broadcast yesterday by the Russian Ostankino TV that General Lebed resigned. Lebed presented his resignation officially yesterday after his meeting with the Russian Army General Staff chief, who demanded that the general execute the Russian defense minister's directive to reorganize the 14th Army command. "The directive will lead to the sacking of hundreds of officers by 1 July and Lebed disapproves of that. Therefore, he had no other choice but to resign," BASA learned from a 14th Army command representative. According to the quoted source, if Lebed's resignation is accepted, the Dniester paramilitary groups might try to take over the 14th Army armament. Earlier, Dniester Security Minister Vadim Shevtsov stated that Dniester anti-aircraft units guard the Colbasna military depositories. Lebed will return to Tiraspol from Moscow tomorrow morning.

General Lebed's resignation is within the competence of the Russian Army supreme commander, President Snegur stated today to the Bulgarian news agency. "If his resignation were accepted, we would suggest appointing a man who will not permit destructive forces to take over the enormous amounts of the 14th Army armament," said Snegur. In his opinion, the improvement of the situation in the eastern districts "does not depend on an army commander, but on the talks with the Tiraspol leaders." On 7 June Tiraspol leaders will be proposed to consider the draft special status based on OSCE recommendations. Commenting on the Russian Duma's moratorium on the 14th Army withdrawal, Snegur said this problem will be solved at the meeting with Russian officials in the second half of June.

"I'm not a fatalist and don't believe that once General Lebed leaves his post of 14th Army commander chaos will rule in Dniester," Moldovan Parliament Speaker Petru Lucinschi stated at a press conference yesterday. "But there is a Lebed phenomenon and it should be taken into account," added the Speaker. He said a consequence might be that "the situation gets worse near the 14th Army depositories," but "there will be no total chaos." Lucinschi said the 14th Army withdrawal is connected with the withdrawal of the armament, emphasizing "it is not at all normal that large quantities of munitions are concentrated on such a small territory and this should concern all." Istvan Gyarmati, OSCE special envoy, said during his visit to Chisinau that "a single man can never decide the fate of a people or country. Stability in Dniester depends on the people's will and if they want this stability, despite of the fact whether Lebed commands the 14th Army or not, the stability will be established."

Premier: Lebed Should Depart With Army

LD0106210595 Moscow ITAR-TASS in English 1800 GMT 1 Jun 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU June 1 (Itar-Tass) — Moldavian Prime Minister Andrey Sangeli believes General Aleksandr Lebed should leave the Dniester region with the banner in hands only after the 14th Russian Army and its equipment are fully withdrawn from the region.

"The reform of the 14th Army is Russia's internal affair", the prime minister said in an exclusive interview with Tass, commenting on the resignation sent in by the Army commander.

"But whatever is being said about Lebed, he has managed to introduce proper order in the army, to put an end to embezzlement of weapons and ammunition. Moreover, if Lebed had been appointed army commander earlier, we might have avoided the bloody conflict, and law-enforcement bodies would not have had to seize thousands of pieces of arms which are now scattered throughout not only Moldova, but also Abkhazia, Chechnya, Bosnia and other hot spots", Sangeli noted.

According to the Moldavian premier, the pullout of the 14th Army, specifically of weapons and ammunition accumulated by it, has been transformed into an international problem recently. It affects the interests of other states trying to take political advantage of the current situation, Sangeli emphasised.

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Therefore, both we and the Russian leadership should take all efforts to get the October 1994 intergovernmental agreement implemented, the prime minister said.

Serbian Minister's Visit to Tiraspol Protested

AU0106125295 Chisinau BASAPRESS in English 1909 GMT 31 May 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 31/5/1995 — The Moldovan Foreign Ministry disapproves of official visits of foreign delegations to the Dniester region if they bypass the Moldovan official structures, Vice Foreign Minister Ion Capatana stated referring to the recent visit of a Serbian delegation to Tiraspol.

He said the Foreign Ministry controls the visits of all foreign delegations, except for those which directly contact the authorities of the self-proclaimed Moldovan Dniester Republic. Viktor Biryukov, Tiraspol president spokesman, told BASA that the Serbian delegation headed by Vice Foreign Minister Ratko Petkovic visited Tiraspol on the Days of the Slavic Culture on 27 May. "The delegation met with President Smirnov and Foreign Minister Valeriy Litskay, but no agreements were signed," said Biryukov.

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Kazakhstan

Last Nuclear Device Destroyed 31 May

LD0106124595 Almaty Kazakh Television First Program Network in Russian 1100 GMT 1 Jun 95

[FBIS Translated Text] An event which puts an end to the nuclear history of Kazakhstan took place today [as heard] in Semipalatinsk.

[Unidentified correspondent] Yesterday, on the territory of the former Semipalatinsk test site, the last nuclear charge — which was prepared for a planned explosion even before the president's decree on ceasing nuclear tests was issued — was destroyed.

Both Kazakh and Russian experts took part in the work on preparing the device, which was kept in an underground cell in the ill-famed Degelen Hills for more than four years, for liquidation. Having rejected the dismantling of the device, the special commission decided to destroy it by using an explosive substance guaranteeing that there would be no nuclear reaction. At 1316 local time, the charge was destroyed.

By the way, some of those present described what happened as a silent explosion, because observers a kilometer away did not feel either a tremor of the earth or the sound of an explosion. According to the experts' conclusion, everything was carried out as planned. The ecological situation in the area of the explosion has not changed.

So in this way, quite without tangible external effects, Kazakh soil has been cleansed of the last nuclear charge.

Russian, Kazakh Ministers Pleased With Tajik Talks

LD0106170295 Almaty Kazakh Radio Network in Russian 1400 GMT 1 Jun 95

[FBIS Translated Text] Kazakh Foreign Minister Qasymzhomart Tokayev held talks today with Russian Deputy Foreign Minister Albert Chernyshev, who arrived in Almaty.

A comprehensive exchange of opinions on a wide range of issues of cooperation between Kazakhstan and Russia, as well as on international problems of mutual interest took place in an atmosphere of confidence and friendship that is characteristic of bilateral relations.

Qasymzhomart Tokayev and Albert Chernyshev noted with satisfaction the positive trends outlined in the course of the inter-Tajik talks after President Nazarbayev's meetings with the delegations from the opposing sides and Ramiro Piriz-Ballon, the UN secretary general's special envoy.

Nazarbayev on U.S.-Funded Private Business Fund

LD0206083395 Almaty Kazakh Television First Program Network in Russian 1400 GMT 31 May 95

[FBIS Translated Excerpt] Today, on 31 May, President Nursultan Nazarbayev received a delegation from the American Central Asian Enterprise Fund headed by Steven Solarz, its board chairman. [passage omitted]

[Begin recording] [Solarz in English fading into Russian translation] On the president's advice, we are going to step up our work to set up agricultural products processing enterprises so that Kazakhstan can use its potential in this field. In addition, we will activate our work to set up enterprises producing consumer goods in Kazakhstan. We currently have 50 projects that have been submitted to our fund for consideration and we are actively considering them. [end recording]

[Correspondent] How much is the U.S. Government allocating to your fund?

[Begin Solarz recording] One hundred and fifty million dollars. [end recording]

[Begin Nazarbayev recording] Last year, when I was on an official visit to the United States, an agreement was reached with President Clinton on opening a private business fund in Kazakhstan. The headquarters of this fund has now opened in Almaty and the fund has started operating. It is important for us to develop small- and medium-sized enterprises. Above all, I have asked for enterprises processing agricultural products, because many small ones can be developed. That is the first thing. Second, there are consumer goods, and third comes housing construction. These are three things that seem to have taken a back seat.

Moreover, it is only our domestic private enterprises that can work with this fund; and these enterprises assume the responsibility and risk themselves; there are no state guarantees. They can obtain from $1,000 to $100,000 and from $100,000 to $5 million if they can prove that their projects are effective and their products marketable. The fund will give a spur to these enterprises. It will assist major projects of other private companies, attracting them by means of its $150 million.

So our entrepreneurs have to be active. It should not be like it used to be: Give me credit and I will start doing something. They will have to prove that their project can repay the money. [end recording]

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Qazhygeldin Hosts Power Industry Reform Meeting

LD0206090995 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 31 May 95 p 1

[FBIS Translated Text] The problems of the structural reconstruction of the power engineering sector in the republic and privatization in the industry were discussed at the meeting Prime Minister Akezhan Qazhygeldin held on 30 May.

It was noted that the industry is going through a deep crisis. The total credit debts of its enterprises are high. The lack of means for replenishing the basic funds, in which a great role is being played by chronic nonpayments by subscribers, has brought about a sharp decline — of 35 percent — in electricity production over the past years. The level of imports has grown. As a result, tariffs have increased, and this has hit domestic consumers.

How can we break this vicious circle? Power and Coal Minister Viktor Khrapunov proposed a whole system of measures whose implementation, in his opinion, would help the industry gain a second wind and overcome the crisis. He thinks it is necessary to carry out a structural reconstruction of the management, to single out the national electricity network from the joint power industry complex, and to privatize electricity stations, while leaving a block of shares in the hands of the state. They will sell energy to the national electricity network. Only then will these facilities become attractive to foreign investors.

As for the electricity and thermal power distribution networks in the regions, these should belong to regional companies. The minister considers it expedient to channel the dividends accruing to state shares into the development of the power industry.

The Anti-Monopoly and Price Policy Committee also proposed its own version for the structural reconstruction of the power industry. Having analyzed it, however, the majority of the participants of the meeting favored the project submitted by the ministry. But this also needs amending, in their opinion. In particular, the intention to regulate energy prices from the center appears to be an anti-market factor. Not everyone agreed with the opinion of the minister that every enterprise should be privatized. Objections were heard that it should not be obligatory, but that the enterprises should all be independent.

It has been decided to use the Dzhambul hydroelectric power station whose capacities were not being utilized to eliminate this region's dependence on imported electric power. In the near future, it is planned to construct and start up a new station in Aktyubinsk region as well.

Addressing the audience — representatives of the regional administrations — Deputy Prime Minister Viktor Sobolev advised them to pay the power industry services quickly. Local budgets owe them over 11 billion tenge in all. The debts of industrial enterprises also total 10 billion and those of the agriculture sector are 16.5 billion. In future, these will be cut off for nonpayment.

Summing up the talks, A. Qazhygeldin stressed that reforms in such an important branch of the economy are long overdue. The privatization of enterprises must play a positive role in this issue. The management of some of them will be given to foreign firms — competition is to start as early as June. Attracting foreign entrepreneurs to management can yield a great deal, as world practice shows.

Problems Due to Rising Caspian Sea Noted

95WN0174A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 May 95 p 1

[Article by Viktor Sutyagin, KAZAKHSTANSKAYA PRAVDA: "Atyrau May Lie at the Bottom of the Sea in Eight Years"]

[FBIS Translated Text] Atyrau— KAZAKHSTANSKAYA PRAVDA has many times reported on the problem of protecting population centers along the coastal zone of Kazakhstan's western oblasts from the encroaching Caspian. But it seems the time has come not simply to talk about this, but to scream it out at the top of our voices. The situation deteriorates virtually with every passing month, as the sea captures newer and newer plots of land and inundates population centers. Since 1978, when the first rise in level of the Caspian was registered, through December of last year, the waters have risen 2.28 meters. An increase of 24 centimeters was registered over the year, in contrast to the 12 centimeters predicted. Although scientists have not reached a shared conclusion regarding the reasons for the rise in level of the Caspian, they are virtually unanimous with respect to the time frame involved. They assert that in the year 2020, the water level will have risen an average of 12 centimeters a year, and will be five meters higher than the original level. Some have already predicted for Aktau the fate of the legendary Atlantis, which disappeared down in the depths of the sea. We would like not to have to believe this, but.... About 10 years ago few would have believed that more than a million hectares of farmland in Atyrau Oblast would come to be submerged, but they have in fact disappeared under water. Even if the

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predictions of scientists turn out to be true and the sea rises 12 centimeters a year—and not 24, as actually took place last year, eight years from now almost 2.5 million hectares of the best farmland in the oblast will be under water. The submersion zone will include 89 population centers, several major oil fields, a railroad, lines of communications, and oil and gas pipelines.

If the water level rises another 1.70 meters, reaching the -25 meter mark on the Baltic scale, then Atyrau and its suburban regions will be entirely submerged.

World experience has shown that man has it in his power to protect himself from the destructive effects of any natural calamity, including water disasters. There are a great many examples of this. One need only consider St. Petersburg, which used to become inundated on a regular basis and is now reliably protected by dykes. But money is needed to do this. A great deal of money. This year the oblast requested a billion tenge from the government for protective measures against encroaching and driven waters from the Caspian and flash-flood waters from the Urals. In this regard it was planned to complete the design work on projects aimed at protecting all coastal regions, and to begin the construction of sea dykes extending 700 kilometers, including 120 kilometers around the oblast center. There is already a plan for protecting the oil and gas fields of Martyshi, Kamyshitovy, and Zaburunye. But for the time being, the republic, to our great regret, has not yet allocated a single tiyn....

The oblast administration is doing everything within its power in the critical situation that has come about. A million-and-a-half tenge has been specially allocated to protect the population center of Zhambay, inundated by the sea for two years now. But alas—this is sufficient only as a temporary measure. In order to effect capital construction, significantly greater amounts of money are required.

But primarily "emaciated" enterprises can hardly be expected to bear the entire burden of this effort on their shoulders. The people of Atyrau are hoping all the same that they will not be left alone to cope with this disaster. Yet as the saying goes—the peasant does not cross himself until the thunder peals. But for these people, the thunder is already crashing.

Karagandaugol Director on Financial Status

954F2394A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 26 May 95 p 3

[Interview with Grigoriy Prezent, general director of the Karagandaugol State Holding Company, by Vera Galaktionova; place and date not given: "Beyond the Danger Zone"]

[FBIS Translated Text] [Galaktionova] The mining of coal is being discontinued at association mines as a result of a spontaneous protest of miners, who have been deprived of a means of existence for six months. In fact, one mine after another is becoming uncontrollable. Isn't it time to call things by their real names? That is, admit that coal-mining Karaganda is in its death throes?

[Prezent] I understand the full responsibility of my assessment of what is happening. But I acknowledge: The ruin of the enterprises of the association has begun. In the transition to a market economy, the Karaganda coal basin has crossed the critical point beyond which self-disintegration follows. Urgent cardinal financial improvement measures are nevertheless still capable of saving some of the enterprises that are the most necessary for the state.

Searching for someone to blame is hopeless. What is more, leveling accusations against anyone today for the ruin of the basin and the region means in essence avoiding a resolution of the problem once again. There is nothing simpler than replacing figures in the management system. This creates the appearance of activity, but the same old problems remain. It is no longer possible to hide from the adoption of fundamental decisions. The internal reserves for conducting economic reorganizations in the basin are completely exhausted.

[Galaktionova] Recent research by Bulgarian scientists indicates that the governments of the countries of East and Central Europe were in the period of transition to a market economy unable to prepare and implement appropriate programs for support of the coal industry. Does this not mean that coal mining is not in principle capable of surviving the transition to the market?

[Prezent] The coal industry's transition to a market economy, as it is traditionally subsidized from the state budget, has unquestionably been complicated. In a number of countries the subsidies were discontinued. This led to the need for enormous expenditures in closing some of the mines and to an increase in expenditures on social security. That is the situation there. But Kazakhstan is the only republic that has not been subsidizing mining at all for the fourth year now.

In the meantime, given the condition of subsidizing, it was Kazakhstan that had the big opportunity, in comparison with other countries, to transition its coal industry to the market without particular losses, owing to the possession of an industrial base created in previous years that was more powerful than that in other republics. After all, the basin continued to work for

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three whole years without permitting a runaway decline in production or labor productivity. We had good initial data that also made it possible later, given timely support of the coal industry, to preserve it.

[Galaktionova] Economic policy, as is known, is made by people. What miscalculations, in your opinion, lie at the base of the collapse?

[Prezent] The miscalculations of those who confuse solvency with demand. They orient themselves on indicators that are conditioned by a significant slump in production, as on real indicators, and on this basis they draw incorrect conclusions concerning the republic's coal requirements, lowering them. Having an opportunity to influence economic policy, they intentionally or unintentionally exclude the inevitability of a general rise in the republic's production. This kind of rise in the future will require an inevitable increase in coal mining. The great inertia in the coal industry is absolutely not being taken into account. The fact that investments in it produce a return no sooner than five to seven years is also not being taken into account.

I would not call the position of those who do not understand the picture of the republic's demand for coal far-sighted. The losses that the basin and the region are now incurring as a result are in many ways irreversible.

[Galaktionova] Can it be claimed that the ruin of the mines was obvious beforehand? After all, it did not start yesterday....

[Prezent] The ruin of low-profit mines was foreordained. Mines that are necessary to the state were supposed to survive in the struggle for existence under market conditions. But as a result of insufficient attention on the part of the center to the problems of the coal industry, a very powerful destructive inertia built up. Mines that were doomed to die dragged the others along with them as well. The situation requires from the new ministry, which finds itself in an unusually difficult position, a nonstandard maneuver capable of stopping the disintegration.

Left to survive by itself, the basin confronted destructive trends alone for a long time. Given the stable markets for the sale of coal products in the first years of the transition period, we supported underground coal mining at the expense of internal subsidies created by the effective work of the coal reserves. But work without subsidies from the budget, state regulation of prices for coal in the direction of artificial lowering, the enormous tax burden, and the necessity of financing the social infrastructure of cities and settlements of the oblast at the expense of coal led to a reduction in capital investments in the development of the basin. The aging of the mining equipment pool and the shortage of materials and spare parts had an effect not only on the work of low-profit mines, but also on the mining of coking coal and on the production of coke concentrate—the main source for receiving resources.

The reduction in coal output picked up speed: 7.7 percent—in 1992, 13.6 percent—in 1993, and 14.5 percent—in 1994. Monopolist enterprises repeatedly increased the cost of basic equipment. Prices for mining equipment climbed by a factor of 96, prices for coal—by a factor of 30. Our expenditures increased, raising the cost of a mined tonne of coal. We must acquire about 80 percent of required equipment in CIS countries. As it is, its recurrently increasing cost was steadily rising owing to the increase in transport expenses.

As a result, the best brands of our coal are becoming uncompetitive in sales markets in the near and far abroad. Only because of the shortage of coking coal in Russia do we have consumers in the Urals today who buy it at prices that exceed Russian and world prices.

The liberalization of prices for coal and coal products undertaken by the government has been in effect only since May 1994. It was inexcusably late, and it could not change very much. We were kept too long at fixed prices under unequal conditions with various other industries, which forced the accumulation of both foreign and domestic debts.

Crisis phenomena broadened and became more intense. There has been no talk for a long time about the need for technical reequipping. The available equipment is being worn out under the effect of mining conditions—and we are not acquiring new equipment. Development of the basin has practically stopped. In the second half of 1994 mutual accounts between enterprises of the association and those that are working on future development of the basin were practically halted.

We did everything possible to get out of the breakthrough with our own forces, trying to maintain the output of coking coal, taking advantage of the demand of the metallurgists of Kazakhstan and Russia, and we switched miners from power engineering mines to coking coal mines. We merged inefficient mines with neighboring, more efficient mines. We introduced additional real material incentives to get out of the collapse, owing to more intensive work by the miners. These measures had results. Given the 30 percent general slump in republic industry, we "fell" by only 15 percent.

But in the fourth quarter a sharp drop occurred in the demand of solvent enterprises for coal products. The monetary resource revenue stopped providing even what was required for paying wages. It turned out to be

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drawn up only on paper. In many ways life in the basin was still supported by the fact that the miners, though not receiving any money, continued to work, despite everything, with obsolete equipment under conditions of an accident rate that was increasing from day to day.

It became necessary to introduce very severe limits on expenditures for production. We conducted an analysis and compared output with volume of services being rendered by auxiliary and servicing enterprises. In a tough procedure, the work volume was reduced to an almost complete stop at these enterprises. Expenditures of coal enterprises were cut by 30 percent, those at auxiliary and servicing enterprises—by 50 percent. In February-March we reduced the consumption fund by a factor of almost two in comparison with November-December. But output of coal in the first quarter of this year in comparison with the fourth quarter of 1994 fell almost by 30 percent. The collapse had begun.

In the extreme situation that was developing, starting in March all enterprises were granted full economic independence with the rights of juridical persons. All earnings from the sale of coal, with the exception of collective expenditures on maintenance of the social sphere, science, the militarized mine rescue unit, and the administrative apparatus, are included in the settlement accounts of coal enterprises proportional to cost of the coal that was dispatched and sold in the current month. Each mine itself settles with the budget from resources received, makes payments to off-budget funds, pays workers' wages, acquires materials, and pays for the services of contract and auxiliary organizations.

[Galaktionova] As one trade union leader put it at a meeting with the minister, under the burden of the legacy of debts and excessive taxes, the mines were allowed to die one by one....

[Prezent] The mines' economic independence is a form of functioning that conforms most of all to the laws of the market. But world experience indicates that without state support, the coal industry cannot cope with its own problems. The Governments of Russia and Ukraine, despite manifestations of economic crisis, continue to subsidize the coal industry. Kazakhstan's refusal to financially support coal output brought the coal enterprises of the basin to a standstill. It is necessary today not simply to talk about, but to act in the support of, Karaganda mines and mining cities and settlements. Otherwise it will be too late. Given such a state of affairs, the mines are doomed to self-destruction. Their failure will rob settlements, cities, and Karaganda of their life. The leadership of the oblast understands this very well. Petr Nefedov, chief of the oblast administration, has repeatedly declared in the Cabinet of Ministers: "If the mines are closed down, what will happen to the cities and the people? It took more than one generation to establish these cities. Their descendants will not forgive this."

[Galaktionova] Does it not seem to you that the policy of unsubsidized existence of mining output is being formed owing to the conviction that there are many coal deposits in the republic that require less outlays for extraction?

[Prezent] Counting on supplying Kazakhstan with coal by relying on spontaneous activity is in fact another way of avoiding a resolution of the problem of civilized coal mining. As long as coal lies at the surface, extracting it is easy and cheap. But within a year or two, given deeper extraction, specialists and equipment will be required. People will encounter the same problems that have been resolved here in Karaganda for decades. To create the new by dooming an existing developed base to disintegration? Where is the logic in this?

At one time pig iron was being cast almost in every yard in China. But, as is known, this did not become widespread.

An argument being put forth in favor of local coal output is that high railroad rates significantly increase the cost of importing Karaganda coal. It would seem that this question is being resolved simply. The introduction of preferential rates for the transport of coal inside the republic would also help mining output and preservation of the life of the region. Instead of this, we are creating the preconditions today to pay transport expenses in the future for the shipment of coal not from Karaganda, but from abroad. After all, the story of the closing of mines under Khrushchev is well known. Not even a year passed before it became necessary to correct these mistakes.

The reduction in coal output is already ruinous for Kazakhstan today. Decisions are needed to stop the decline.

[Galaktionova] What kind of decisions?

[Prezent] Karmetkombinat, the pride and symbol of the independence of Kazakhstan, cannot exist without coking coal acquired in the mines of the basin. An alternative to this is to import coal of a similar quality from abroad. But its shortage in the countries of the near abroad and the high rates of rail transport shipment cause a significant increase in the price of the metal and make it uncompetitive. The introduction of a new coking capacity at Karmetkombinat once again confirms the need to develop a raw material base—the Karaganda mines.

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A substantial number of power engineering enterprises of the republic—the Dzhezkazgan and Balkhash TETs [heat and power plants], the Karaganda TETs-1 and TETs-2, GRES-1 [state regional electric power stations], and the thermal electric power stations of Almaty and Akmola—technologically can operate only on Karaganda coal. It is already impossible to reduce further the amount of coal they consume.

The everyday needs of the people and of both the region and the republic require a substantial amount of coal. It is impossible to leave them without coal.

To prevent metallurgy, power engineering, and the national economy from ending up paralyzed, it is necessary for the state, on the basis of technical-economic costs, immediately to allocate subsidies to close down unprofitable mines—Severnaya, Maykudukskaya, Stepnaya, Dubovskaya—and, together with production-technical questions, envision measures for the social protection of miners and their families. An active mine, for which it is difficult to survive under today's conditions, is even less capable of financing a mine that is doomed to perish.

The basin should also be revived at the expense of exempting the coal industry for a period of up to three years from all types of taxes to the budget, retaining only social taxes, as was the case up to 1987, when there were direct subsidies in the amount of 30 percent of costs.

It is urgently necessary either to conduct a transfer of financing of the social infrastructure to the budget balance sheet of the oblast, city, and rayon administrations, or to allocate subsidies from the budget for these purposes in the sum of 350 million tenge per month in 1995 prices, as was also proposed by decisions of the Cabinet of Ministers.

These measures will cover only 15-20 percent of the price of each tonne of coal.

It is time to write off postponed debts "earned" through no fault of the miners, whose payment dates start 1 July and 1 January—debts for payments to the budget, credit and bank interest, and hard currency debts for 1993-1994 that were formed as a result of the collapse of the USSR, which "froze" money in Moscow. It was not the miners who devised fixed prices for coal, and they are not the ones who should bear responsibility for the consequences. It is also necessary to make changes in the decree of the Cabinet of Ministers of 25 January 1995, according to which the coal product was included in the list of exchange commodities that were being registered on the commodity exchanges of Kazakhstan. Not one mine in the basin will survive without these measures.

Tajikistan

Inter-Tajik Talks Recess; Trust Statement Signed

LD0106134695 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 1 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] The first stage of the fourth round of inter-Tajik talks on settling the situation on the Tajik-Afghan border and inside Tajikistan ended today in Almaty, capital of Kazakhstan. Our correspondent Dukesh Baymbetov reports:

[Baymbetov] The second stage will begin in nearly two months' time, on 25 July, when the participants will again convene in Almaty. They are leaving the talks hoping for a peaceful settlement of the conflict. In any case, the 10-day talks under the aegis of the United Nations have produced tangible results, especially after active peacemaking efforts by the Kazakh president, who had lengthy joint and separate discussions with the delegations. These results include a six-month extension of the cease-fire and a reprieve for the opposition's supporters sentenced to death.

[Begin Nazarbayev recording] I am glad that the two sides agreed on measures of trust: the exchange of POWs, the creation of conditions for the return of refugees — the government commits itself to providing decent accommodation for them — jobs, protection for these people, the Red Cross's involvement, each side's access to the other side's places of confinement. [end recording]

A joint statement on all these agreements was adopted at today's final meeting of the first stage [of the talks].

Opposition Says Dushanbe Reneges on Commitments

LD0106190495 Moscow INTERFAX in English 1752 GMT 1 Jun 95

[From the "Presidential Bulletin" feature compiled by Nikolay Zherebtsov and Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Dushanbe on Thursday [1 June] went back on commitments it had made the day before at talks with the opposition, chief opposition negotiator Ali Akbar Turadzhonzoda said.

On Wednesday the two sides, at the fourth round of talks in Kazakhstan's capital Almaty, agreed to

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exchange lists of war and political prisoners before June 25. The agreement was brokered by Kazakh President Nursultan Nazarbayev. The government and opposition also pledged to step up efforts to bring refugees back home.

"The government has turned down a compromise plan for extending the cease-fire for another three months," which the government could use its troops in Gorno-Badakhshan for no other purpose than "guarding the border" and would be unable to resort to "punitive operations against opposition supporters under the guise of disarming illegal bandit formations," Turadzhonzoda told INTERFAX.

Even as regards suspension of death sentences until the talks are over, "the government delegation made a new condition, which is impossible to accept," Turadzhonzoda complained. Nazarbayev, at the opposition's request, specially telephoned his Tajik counterpart, Emomali Rakhmanov, who promised that death sentences passed on opposition members would not be carried out until the talks were finished.

Turadzhonzoda also said the government had rejected a proposal for forming a joint commission to draft amendments to the republic's Constitution and subsequently putting them before a representative national assembly. "Dushanbe changed its position after Chernyshev, Russian deputy foreign minister, came to Almaty and had consultations with the government delegation," Turadzhonzoda said.

Uzbekistan

Report on UNDP Projects in Uzbekistan

LD0206091095 Tashkent VECHERNIY TASHKENT in Russian 1 Jun 95 p 2

[FBIS Translated Excerpt] Two years ago the United Nations mission to Uzbekistan started its work, and from the beginning it introduced its Development Program — UNDP [United Nations Development Program]. [passage omitted]

Mrs. Lorraine Raffing [name as transliterated], the deputy representative of the United Nations in Uzbekistan, was kind enough to tell us about the UNDP measures and programs which are being implemented in our country.

One should note the following eight measures (of 15) which have been carried in our country over the last year and a half with the assistance of the UNDP.

These are: an initiative on urgent humanitarian needs. Aid was granted to the government of the republic in working out a document establishing general operations and policy in social sectors and the program for urgent humanitarian needs, which was estimated at 20 million dollars. As the result of the international meeting which took place in Tashkent in January 1994, $ 8 million have been received so far, mainly from India, Switzerland, Italy, and Japan. The establishment of an inter-organizational committee for the coordination and use of this aid is being finalized.

Another important event was the Tashkent "round table" for investments. Six deputy prime ministers participated in this "round table" on the Uzbek side. Declarations were heard on foreign investments by top leaders and ministers from Thailand, India, Pakistan, Malaysia, and the Philippines. During the sessions the preparation of a number major investment projects which had attracted investors from Pakistan and India was completed. As a result of this, the UN (UNIDO) Service for Promoting Investments was set up under the Cabinet of Ministers.

Another event was the international meeting on taxation, which was jointly arranged by the government and the UN and attracted the Organization for Economic Cooperation and Development, the International Monetary Fund, the German Technical Center, the American Agency for International Development and other organizations. It was acknowledged as an important step in Uzbek specialists understanding these questions themselves. Further activities are being planned in this area.

Other important events included the regional conference on cooperation with Tajikistan, the working meeting on country strategy, the establishment of the institute for studying Central Asia in Samarkand and the World Tourism Organization's conference on tourism.

Apart from the above measures, the UNDP is carrying out a number of other projects and programs in the republic. All of them are defined and coordinated with the government of Uzbekistan and are related to four chosen priority fields: aid coordination, economic development and management based on humanitarian principles; development of the private sector, especially through privatization and attracting direct foreign investments; humanitarian aid in the fields of public health, water supply, education and self- employment; and environmental protection and cultural rebirth. [passage omitted]

President, S. Korean Firm Delegation Hold Talks

LD0106191595 Tashkent Uzbekistan Television in Russian 1430 GMT 1 Jun 95

[FBIS Translated Text] Today the Uzbek president received a delegation from the South Korean Daewoo company headed by Kim U-chun, chairman of the Daewoo group.

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Greeting the chief executives of the Daewoo company, the Uzbek head noted that after gaining independence, the Republic of Korea was one of the first countries with which our country established close and mutually advantageous relations. It is gratifying that our business relations are further developed day by day. Islam Abduganiyevich Karimov underlined that among the many firms and companies that have established trustworthy partnerships with our country, the Daewoo group and a number of projects being implemented by them occupy a special and important position. The construction of a car plant in the town of Asaka is currently being finished with the active participation of Daewoo. The Uz-Daewoo Electronics joint enterprise has been set up. Projects on the renewal of telecommunications links and in light industry are being implemented.

During the conversation the head of our country draw the attention of guests to some issues connected with the acquisition of equipment for the Asaka car plant and to the questions of marketing the products in the future.

Kim U-chun expressed gratitude for his warm and friendly reception on Uzbek soil and spoke of his confidence that the joint projects being implemented would very soon yield results and would have a beneficial effect on the economic development of Uzbekistan and the Republic of Korea. The two sides came out in favor of the further development of mutually advantageous cooperation.

First Deputy Prime Minister Ismail Djurabekov, Deputy Prime Minister Otkir Sultanov and other officials took part in the meeting.

Kim U-chun gave an interview to Uzbek television.

[Begin recording] [Kim U-chun, in Korean with superimposed Russian translation] Although I have visited Uzbekistan several times, the present visit makes me very happy, because our joint project, the car plant in the town of Asaka, is visibly taking shape. I am satisfied with the speed with which this plant is being constructed. I should note the great services rendered in this by Uzbek President Islam Karimov, who always gave help and assistance in this construction.

This enterprise will be put into operation in the near future and I am sure it will make a significant contribution to the development of Uzbekistan's economy.

At present over 600 young people from Uzbekistan are studying in Korea. I can say with pride that they will be good specialists and in the future they will produce items that meet the highest world standards. As head of the Daewoo company group, I want to declare with confidence that our business cooperation with Uzbekistan will grow and become stronger year by year. I note with deep satisfaction the large contribution made by President Islam Karimov in the development of our relations. I am sure the mutually advantageous cooperation will help the people of our two countries to flourish. [end recording]

UK Auditors Positive on Foreign Trade Bank

LD0206094995 Tashkent NARODNOYE SLOVO in Russian 1 Jun 95 p1

[FBIS Translated Text] The auditors Ernst and Young (London), a leading world consultancy and auditing firm, have carried out another full audit of the financial activity of the National Bank for Foreign Economic Activity of the Republic of Uzbekistan in 1994 in accordance with international standards.

The auditors' conclusion, based on analysis of exhaustive and reliable financial documents, the results of transactions and the dynamics of the bank's financial indicators as documented at the end of 1994 in accordance with international accounting standards, attest to the reliability of the bank's balance and of its credit portfolio. The bank's overall balance as of 31 December 1994 was 1,350 million U.S. dollars, compared with 1,264 million dollars in 1993. The indicators for revenues and interest are considerably up on last year.

The bank's authorized capital increased from $200 million to $234 million through capitalization. The bank's reserve and insurance funds have also been increased.

The results of the audit show that the national bank's stable development have allowed it to enter the world banking system with confidence and to take up a firm and leading position within it. The fact that as of the beginning of 1994 the bank was rated by the international 'BANKER' magazine as 824th among the more than one million banks which operate in the world, and in 139th place among Asian banks, is the fruit of the strategy for the bank's development which has been correctly chosen and consistently pursued.

The national bank is the leading bank in Central Asia and one of the four major banks in the former USSR.

The bank's clients, partners, and correspondents have received another authoritative guarantee of its competence and reliability, and this represents a vote of confidence in the solvency and financial stability of the Republic of Uzbekistan as well as that of its agent in the international financial market, the National Bank for Foreign Economic Activity.

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Armenia

Yerevan Contemplates Joining Regional Peace Talks

LD0106192195 Moscow INTERFAX in English 1752 GMT 1 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Levon Ter-Petrosyan and Russian Envoy Vladimir Kazimirov met in private in Yerevan on Wednesday [31 May] to discuss ways of settling the Armenian-Azeri conflict and the possibility of Yerevan's rejoining of OSCE-sponsored regional peace talks.

Armenia is due to announce soon whether or not it will join the talks, presidential sources told INTERFAX. IF NOTE: On May 22, Yerevan walked out of peace talks brokered by the OSCE saying it would not return to the negotiating table until the latter provides security guarantees for transport communications and an impeded flow of gas to Armenia.

Yerevan's participation in the talks is under question, presidential aide Zhirair Lipartiyan told INTERFAX. He said Armenia expected the OSCE as peace broker to handle the issue.

The aide said that the co-chairmen of the OSCE Minsk conference for Nagorno-Karabakh issued a statement on May 25 condemning terrorist attacks on a gas pipeline and railway leading to Armenia. They called on Georgia to redouble security on all communications to Armenia.

At the same time, the OSCE called for regional condemnation of such acts saying nothing short of its involvement in regional talks could bring peace in the disputed territory.

Lipartiyan said his country demands additional measures for safety of communications to Armenia which Yerevan sees as a violation of the regional ceasefire agreement.

He described as routine yesterday's meeting between Kazimirov and Petrosyan saying Yerevan was due to announce later this week about a possible change of heart on further involvement in Karabakh peace talks.

President, Iran's Va'ezi Discuss Relations

LD0206111695 Tehran IRNA in English 1033 GMT 2 Jun 95

[FBIS Transcribed Text] Moscow, June 2, IRNA — Armenian President Levon Ter-Petrosyan and visiting Iranian Deputy Foreign Minister for Euro-American Affairs Mahmud Va'ezi discussed bilateral ties and regional cooperation in a meeting in Yerevan Friday [2 June].

Ter-Petrosyan underlined the need for expansion of Tehran-Yerevan relations and expressed satisfaction with growing relations between the two countries.

The Armenian president said the progress made in Tehran-Yerevan relations was quite tangible.

Va'ezi, who is in Yerevan to attend Iran-Armenia-Turkmenistan trilateral session, termed the session as a step towards bringing regional countries closer to one other. He also underlined the need for implementation of agreements to be reached by the three countries in the session.

Moreover, he termed as "fruitful" recent visit to Tehran of the Armenian premier and said that the visit opened a new chapter in Tehran-Yerevan relations.

Tripartite Transportation Agreement To Be Signed

NC0106203395 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 1 Jun 95

[FBIS Translated Text] Here is a report by Gevorg Nazaryan on the tripartite talks in Yerevan:

[Begin recording] [Nazaryan] The foreign ministers of Armenia, Iran, and Turkmenistan are expected to sign a tripartite agreement on transportation and freight shipment in Ashgabat on 24 June. The regular working meeting between these governments took place at the Armenia Hotel today. The delegations were headed by Mahmud Va'ezi, deputy foreign minister of Iran; Penaguly Rakhmanov, transportation minister of Turkmenistan; and Vahan Melkonyan, material resources minister of Armenia.

Armenian Transportation Minister Henrik Kochinyan spoke on the basic aim of the meeting:

[Kochinyan] The first problem (?to be solved) at present is the establishment of a joint Turkmenistan-Iran-Armenia transportation firm to better organize freight transportation between the three countries [passage indistinct]. Certain work in this direction has already been done, and this meeting was a continuation of that work. I think that all the plans will be approved during the Ashgabat meeting at the end of the month and the freight transportation will be organized. [passage indistinct] [end recording]

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Azerbaijan

Stepashin To Discuss Security Service Cooperation

LD0106180295 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] BAKU, June 1 (INTERFAX) — The director of Russia's Federal Security Service (FSB), Sergey Stepashin, arrived in Baku Thursday [1 June]. The program of his visit includes signing an agreement on cooperation between the security services of Russia and Azerbaijan.

A source in the Azerbaijani presidential administration told INTERFAX that Azerbaijan wanted to negotiate the extradition of its former president, Ayaz Mutalibov, and ex-prime minister, Suret Guseynov, accused of high treason and currently free men. According to Azerbaijani sources, they are staying in Moscow.

Mutalibov had been detained in Moscow on May 7, which was immediately reported to Baku. A special group left Baku for Moscow to convoy Mutalibov back, but the latter was released next morning on the order by the Prosecutor General's Office.

Moscow stated that Mutalibov had been detained only for violating registration rules, while "there were not sufficient grounds" to extradite him to Azerbaijan under the relevant bilateral agreement.

Mutalibov won Azerbaijan's presidency in May 1990. Since resigning in the spring of 1992 pressured by the Popular Front of Azerbaijan, he has been living in Moscow. Mutalibov is charged with organizing mass disorder and plotting to seize power. He is also accused of "connivance and inaction" during the deployment of Soviet troops in Baku in January 1990. According to the current Azerbaijani authorities, Mutalibov is to blame for surrendering a number of Azerbaijani cities and villages in Nagorno-Karabakh.

Meanwhile, Azerbaijani Colonel Suret Guseynov, who became prime minister after his unit ousted the then Azerbaijani President Abulfaz Elchibey in the summer of 1993, is charged with a plot attempt in early October 1994.

Usubov: 'Terrorist' Group Under Investigation

TA0106123495 Ankara ANATOLIA in English 0945 GMT 1 Jun 95

[FBIS Transcribed Text] Baku, June 1 (A.A.) — Azeri Interior Minister Ramil Usubov said on Wednesday [31 May] that his country would not allow terrorist activities of the separatist organization.

Answering AA correspondent's question about terrorist organization's scattering separatist documents, Usubov said he did not know the details.

Supporters of the terrorist organization scattered separatist documents around universities in Baku on Wednesday [31 May].

"Investigations are underway on the issue" Usubov said adding that "we will take necessary measures."

Usubov Wants Continued State of Emergency

NC0106200695 Baku TURAN in English 1158 GMT 1 Jun 95

[FBIS Transcribed Text] Baku (June 1) TURAN — "As the Minister of Interior, I back up prolongation of the regime of state of emergency", Azerbaijan's Minister of Interior, Ramil Usubov, told Turan's correspondent. He thinks that under the current conditions prolongation of the regime of the state of emergency is necessary. At the same time, he mentioned that prolongation of the regime of the state of emergency is the prerogative of the Parliament. The Minister also said that many citizens of the republic and Baku applied to him on this case and asked to prolong the regime of the state of emergency. "It will not do harm to the peaceful citizens and in current conditions we must preserve the state of emergency", the Minister said. At the same time Usubov mentioned we could have mitigated the regime of the state of emergency, that is to cut the time of the curfew.

The state of emergency was imposed in Baku for the term of two months in early October 1994, when President Aliyev accused ex-Premier of the coup attempt. After that the state of emergency was prolonged for four times. The term of another state of emergency expires on June 3.

Opposition Parties' Activities Weighed

954F2403A Baku ZERKALO in Russian 20 May 95 No 19, p 4

[Article by N. Aliyev: "The Chances of the President's Forces Are Growing"]

[FBIS Translated Text] It is no secret that the programs of political parties in opposition to the ruling regime appear, as a rule, far more progressive than the programs of the ruling parties. That, having come to power, a substantial proportion of the promises would not be kept is another matter. This is hardly surprising, for that matter, for it is frequently very hard to implement in practice promises made in the course of an election campaign.

Such is the time now, when all political forces are trying to attract to their side the affections of as large a number

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of potential voters as possible. Parties that are seemingly pursuing different ends frequently say one and the same thing here.

As of the middle of last year, various political forces began to discuss very actively presidential edicts and laws adopted by the National Assembly. Specifically, last November even, when not even the approximate date of the parliamentary elections was known, the Economic Commission of the Musavat Party discussed the edict of President G. Aliyev "Supplementary Measures of the Social Protection of the Populace." And, naturally, decided that the edict contained many contradictory points. At approximately the same time the central staff of the Azerbaijan Democratic Property Owners Party completed work on the draft concept "Development of Enterprise and Stabilization of the Economy in the Azerbaijan Republic." The Azerbaijan Labor Party considered at a meeting of its executive committee the alternative draft laws "Elections," "Agrarian Reform," "Military Organizational Development," and "Social Reform."

The closer the elections, the more often the political parties are assailing the government's economic policy and "expressing concern at the poor socioeconomic position of the populace." Democratic, nationalist, and left forces are astonishingly united here. Literally each increase in prices has been accompanied by the virtually unanimous protests of parties in opposition both to the government and to one another. There can be no doubt, virtually, that all subsequent price rises also will be accompanied by similar complaints, particularly now, when fewer than six months remain until the parliamentary elections. In this situation, by all accounts, the complaints of the parties of a left persuasion are evoking in society greater understanding and sympathy than the opinions of the representatives of the democratic camp—the democrats have already been in power, and this has left no particularly good memories.

Reports began to appear one after the other in various news media at the end of last year about the creation in the republic of two political organizations—the Liberal Democratic and National Socialist parties. The Liberal Democratic Party of Azerbaijan immediately attempted to disown the national socialists, issuing a statement which expressed concern in connection with the creation of such a party. The local liberal democrats remain true to the traditions of the liberal democrats of Russia, for that matter. Literally one month to six weeks later the few supporters of the Liberal Democratic Party of Azerbaijan noisily split into two camps.

The closer the elections, the more insistent the demands of the democratic opposition that they be granted air time on television and radio. As of the end of last year Musavat has been asking for air time to "express its opinion on economic, political, and social issues." The Ana Torpag party wanted to reveal the essence of the activity of the communist parties that exist in the republic.

Struggle against the communist movement, incidentally, occupies an important place in the activity of the democrats. The Democratic Congress, the Yurddash, Musavat, and Ana Veten parties and, particularly, Ana Torpag have criticized the communists repeatedly, declaring that their activity, which is "aimed at the restoration of the Soviet Empire, is impermissible." Commenting on these protests, our newspaper wrote that such confrontation is perfectly understandable. And it testifies to the start of the struggle for the votes of the electorate. The communists, however, are a perfectly real threat to the democrats. Among the parties which may to a certain extent be called pro-government, only the Ana Veten party has launched attacks on the communists. But, in principle, this position of the Ana Veten party is atypical of the political organizations which are a part or which will, possibly, become a part of the Democratic Azerbaijan "presidential" bloc.

While the democratic and government forces are on the threshold of the elections uniting in blocs, the communists themselves, on the other hand, feel, by all accounts, confident and are expecting to win independently—they are conducting meetings with representatives of plant outfits and the Russian-speaking community.

Many different opinions have been heard as of late concerning the results of the parliamentary elections. Appearing in the news media, the leaders of the democratic opposition have declared repeatedly that the election results will be falsified. Opinions to the effect that they have chances of winning also are being expressed at the same time.

There has meanwhile been a sharp stimulation of the forces supporting the president. A report that Speaker Rasul Guliyev had joined the New Azerbaijan party appeared in the news media recently. This will strengthen it considerably, it has to be assumed. Not long before this, in the course of his visit to Great Britain, G. Aliyev invited international observers to the elections in October. This should, possibly, be taken to mean that the chances of the presidential forces are increasing simultaneously with their confidence in themselves and that the need for falsification of the elections is diminishing.

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Democratic Party Leader on Current Issues

954F2402A Baku ZERKALO in Russian 20 May 95 No 19, p 2

[Comments by Nureddin Mamedli, chairman of the Main Council of the Democratic Party of Azerbaijan, on the week's events: "Lull Before the Storm"]

[FBIS Translated Text] Although there were no serious events in the past week in the social and political life of the republic, the present situation in Azerbaijan may be compared with a lull before the storm. Despite the fact that everything is ostensibly developing tranquilly, we cannot fail to note the growing internal tension before the approach of events important for the subsequent fate of our state independence. I refer first and foremost to the conclusion of the Grand Political Agreement on Nagornyy Karabakh, determination of the route of the oil pipeline, and the adoption in the National Assembly of a law on parliamentary elections and a program of the privatization of state assets.

The processes of recent weeks have shown the desire of the states that have their own interest in a resolution of the problem surrounding Nagornyy Karabakh and of international organizations to put an end to the ineffective journeyings of their representatives and to take decisive steps to achieve a solution of the problem. The appeal to leaders of both states in connection with an extension of the cease-fire, which has been in effect for more than a year now, the consent of the Armenian side to exchange prisoners and hostages on the "all for all" principle, the opening of an air corridor to Armenia via Turkey, and so forth—all this is proof of what I have said.

Recent events have shown that the Western countries and Russia, which had thus far occupied a neutral position at the official negotiations and had merely hinted to Azerbaijan at the need for concessions, are now making no secret of their pro-Armenia position and are demonstrating a lack of interest in a resolution of the problem that would conform to international law. The fact that Armenia is not only not recognized as the aggressor but as a party to the conflict either is reason to believe that the problem as a whole will not be resolved in accordance with international rules of law.

Unconstitutional methods in the struggle for power, successive coups d'etat, the absence of reforms in constitutional development and the economy, the incapacity for switching from democratic slogans to real democracy, the incorrect use of such an important factor as a oil, the lack of a full-fledged army—all this has deprived our country of the support of the world's strong states. As a result, there is a real danger that the Karabakh problem will be at best "mothballed" and will become a problem for future generations. I would note, incidentally, that at the time when European capitals were ceremoniously celebrating the 50th anniversary of the victory over fascism (the leadership of Azerbaijan took part in the festivities also), the Armenians were commemorating the anniversary of the capture of Susha.

Although in today's situation a resolution of the Nagornyy Karabakh problem is the most important task confronting the republic, the question of the oil pipeline remains urgent. We cannot close our eyes particularly to the fact that this question is being linked with the problem of Karabakh. My words are proven also by the fact that a route via Armenia was cited as a possible alternative during the meeting between Turkish Prime Minister Tansu Ciller and U.S. President Clinton.

The Democratic Party of Azerbaijan formerly suggested that under the conditions of Armenia's recognition of Azerbaijan's territorial integrity and the liberation of all occupied territory, the passage of the oil pipeline across the territory of Armenia was from the economic, political, and military viewpoints in our people's interests. These suggestions were greeted negatively by many people at that time. The subsequent development of events showed how correct our position was. It is simply that in the first case we, as the initiators, would have had an opportunity to resolve one of our most serious problems. But in the present situation we could, while receiving nothing, be put in a position where we are forced to accept the same conditions.

A problem focusing general attention is the discussion anticipated in the coming days in the National Assembly of the law on parliamentary elections. What kind of parliament we will have, the conditions of the elections to it, and so forth—all this is evoking interest not only in the country but outside also.

According to reports obtained from various sources, it has been learned that there are among the alternative drafts a version proposed back in the times of the A. Elchibey government. The democratic congress declared that it prefers this version.

Changes in the correlation of forces in this direction or the other with the approach of the parliamentary elections is a natural process. From this viewpoint Speaker R. Guliyev's entry into the ranks of the New Azerbaijan Party may on the one hand be seen as an attempt to ensure control over forces close to the authorities. But, on the other, this could be seen also as a blow to the prospects of certain parties close to the authorities of achieving election success

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The raising of the price of bread should be seen as a new attempt by the authorities, which have no specific program of the extrication of the economy from the prolonged crisis, which is intensifying increasingly, to make good the budget deficit at the people's expense. This step will aggravate the already tense socioeconomic situation. If it is considered that for yet another sowing season the rural worker has been unable to obtain the land due him, we should not look for positive changes in the agrarian sector, in bread supply included.

Finally, mention should be made of the adoption expected in the National Assembly in the very near future of the program of privatization of state assets—one further complex problem in the country. According to preliminary information, this program contains quite contradictory provisions making it possible to appropriate in criminal fashion the privatization share belonging to each one of us. In order to avert these negative trends the National Assembly should adopt a respectful attitude toward the initiatives of the political parties in this sphere. The participation in the discussion of representatives of the opposition parties and the discussion of alternative programs should be secured primarily.

The legal proceedings in the case concerning the surrender of Shusha and Lachin is over. But the investigation and trial, which had from the outset served political ends, reduced to nothing the possibility of the true criminals being exposed and punished.

Georgia

Yeltsin Renews Abkhaz Peacekeeping Mandate

LD0206104595 Tbilisi IBERIA in Georgian 0935 GMT 2 Jun 95

[FBIS Translated Text] Tbilisi, 2 Jun (IBERIA) — Russian President Boris Yeltsin has sent an official address to the chairman of the Russian Federation Council, Shumeyko, saying that the mandate of the CIS peacekeeping forces, deployed in the zone of conflict in Abkhazia, is to be renewed until the end of 1995.

As is known, the CIS peacekeeping forces consist of entirely the Russian Federation military contingent. So far, none of the CIS states, except for Russia, has expressed readiness to send their military contingent to the conflict zone. However, a Tajik representative at the meeting of the CIS defense ministers declared readiness to send military observers to the conflict zone in Abkhazia.

Lordkipanidze on Abkhazia, Russian Support

954F2414A Moscow LITERATURNAYA GAZETA in Russian 24 May 95 No 21, pp 1-2

[Report on interview with Georgia's Ambassador to Moscow Vazha Lordkipanidze by unidentified LITERATURNAYA GAZETA correspondent; place and date not given; under the rubric "Lead Item": "'Our Relations Are Resuming Their Natural Course,' Believes Georgia's Ambassador Extraordinary to Moscow Vazha Lordkipanidze"]

[FBIS Translated Text] "It is impossible to appraise Russian- Georgian relations today without drawing on many centuries of relations between our two countries, without taking into account the current realities and the role of Russia and Georgia in the development of world civilization," the ambassador told our LITERATURNAYA GAZETA correspondent. "Today our countries are living through one of the most intense periods.

"The main course of our relations remains the same, of course, although there have been complications and difficulties at times. We lived through one such controversial period in our relations at the end of the 1980's and beginning of the 1990's. We saw symptoms of both irritation and confrontation among some strata of society. Processes burst forth like revolutions, avalanches; serious mistakes were made both in Moscow and in Tbilisi.

"Now, to our common joy, our relations are resuming their natural course. Two sovereign states have declared their desire to pursue the same strategic goals in political, economic, and spiritual areas. We are searching, and finding, new models, new mechanisms of relations, which are based on completely new political and economic principles.

"We have begun to consult much more actively on many important issues in the political sphere, for instance, regarding the structure of our state. As a result of such consultations it was proposed to transform Georgia into another form of state structure—a federative state. There is an understanding that conflict resolution in Georgia should be handled on the basis of precisely such a state system.

"I anticipate a question: Why should Russia concern itself with conflicts in Georgia? I will answer this way: First, they are not ethnic—they are political. Second, and there is nothing to hide here, political conflicts have flared up in Georgia not without Russia's participation. I do not mean, of course, the top echelons of state authority, but, as the saying goes, Russia is big and there is a broad spectrum of opinions....

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"We are proposing a federative system for Georgia (this is a compromise, and a very substantial one), where Abkhazia will be a federation component, a state entity with a special status and special, full-fledged powers. The Abkhazian side, however, proposes a confederation formula, which constitutes an encroachment on the territorial integrity of Georgia. This viewpoint is not accepted in Georgia. Russia does not share it either, and neither does the world community. Of course, there is some progress—we see more understanding in the negotiations, but the main point remains unresolved.

"Our positions diverge sharply on the rate of repatriation of refugees. I think that nobody has the right to refuse to allow people to return to their native parts. The authority that currently exists in Gudauta and Sukhumi cannot disavow the majority of its population, which, by the way, never authorized this authority to decide who is to return and when, and who is not to return. The endless stalling on the problem of refugee repatriation is, in my opinion, an attempt to formalize the results of ethnic cleansing (the definition given by the world community at the Budapest summit in December of last year).

"We expect more decisive steps on the part of Russia. It is time to finally show principle: To those who are right, it is time to tell them that they are right, and to those who are wrong—tell them that they are wrong.

"Now about the internal situation in Georgia, which remains difficult. Although substantial changes already are taking place. Political life has stabilized. The background of radicalism is gradually fading; a more balanced, thoughtful view of political problems is coming through. Radical market reforms are underway. The economic decline has stopped and symptoms of recovery have appeared. The crime situation has become more manageable. Preparations for elections are proceeding successfully. The head of the state and his policy have perceptible support not only among the majority in the parliament but also among the population.

"Georgia is watching attentively the processes taking place in Russia. It is in the interests of Georgia to see Russia as a unified, strong, and democratic country with a strong developed economy and spirituality."

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Estonia

Stronger Relations With NATO Sought Within PFP

LD0106181395 Moscow INTERFAX in English 1533 GMT 1 Jun 95

[FBIS Transcribed Text] TALLINN, June 1 (INTERFAX) — Estonia's Foreign Minister Riivo Sinijarv believes that strengthening relations in the framework of the Partnership for Peace Program [PFP] is the best way for the republic to be admitted to NATO. He declared about this at the meeting of leaders of Foreign Ministries of the NAAC in Noordwijk (Netherlands) Wednesday [31 May].

Sinijarv expressed satisfaction with the fact that "contacts in the framework of this program have become more intensive recently."

He also spoke in favor of focusing efforts by the NAAC on the solution of military-political issues.

On Thursday from Noordwijk Sinijarv arrived in Bonn (Germany) on a working visit.

Press secretary of the republican Foreign Ministry Mari-Ann Kelam reported to INTERFAX that Sinijarv plans to meet with Germany's Foreign Minister Klaus Kinkel and with the leadership of the country's Economics Ministry.

In the course of these meetings officials will consider issues related to Estonia's integration in European structures, including the European Union and preparation of an agreement on the return of illegal refugees to the countries from whose territory they have come.

Adoption of this document is one of Germany's terms for establishing a non-visa regime between the two states, Kelam said.

Sinijarv is expected to return to Tallinn on Friday.

Sinijarv Meets Germany's Kinkel; NATO Discussed

LD0106200695 Tallinn Radio Tallinn Network in Estonian 1900 GMT 1 Jun 95

[FBIS Translated Text] Estonian Foreign Minister Riivo Sinijarv, who is in Germany on a working visit, had two meetings in Bonn this afternoon: with German Foreign Minister Klaus Kinkel and with Norbert Lammert, state secretary at the German Economics Ministry [as heard].

At his meeting with Riivo Sinijarv, Klaus Kinkel stated Germany's position that under no circumstances should the Baltic states stay away from NATO's expansion process, although the final decision on this issue cannot be made by Germany alone, but it will be taken jointly by all NATO member countries. According to Kinkel, no areas of varying security must be formed in Europe, and Germany wishes to act as an advocate for the Baltic states over the expansion of both NATO and the European Union.

Mari-Ann Kelam, the Estonian Foreign Ministry's press representative, noted that another issue discussed during the foreign ministers' meeting in Bonn was Estonian-Russian relations. According to Klaus Kinkel, he understands well the Estonian position on the border dispute, proceeding from the [1920] Tartu peace treaty, and in his view the Estonian side has already made sufficient compromises on this issue.

Kinkel: Germany Is Advocate in EU, NATO

WS0206111295 Tallinn BNS in English 1000 GMT 2 Jun 95

[FBIS Transcribed Text] Tallinn, June 02, BNS — Estonian Foreign Minister Riivo Sinijarv had during his working visit to Germany Thursday [1 June] in Bonn meetings with his German counterpart, Klaus Kinkel, and State Secretary Norbert Lammert of the German Economics Ministry.

Kinkel reaffirmed in the meeting with Sinijarv Germany's position that the Baltic states must on no account be excluded from the process of NATO expansion, although the final decision on the issue rests, not with Germany alone, but with all members of the Atlantic alliance. In Kinkel's words, no zones with different levels of security must be created in Europe and Germany wants to be "the advocate of the Baltic states in the expansion of the European Union and NATO."

Foreign Ministry Spokeswoman Mari-Ann Kelam said Estonian-Russian relations were the other subject the two ministers discussed in Bonn. Kinkel said he understands very well Estonia's stance on the border dispute, which is based on the Tartu Peace Treaty of 1920, and that in his opinion the Baltic state has already made enough compromises on the issue.

Russia Completes Marking Border in Lake Peipus

WS0206111095 Tallinn BNS in English 1900 GMT 1 Jun 95

[FBIS Transcribed Text] Tallinn, June 01, BNS — According to the data available to the Estonian Border Guard Department, Russia has completed unilateral demarcation of its border with Estonia in Lake Peipus and placed 15 buoys in the lake.

The Russian side plans to place another five border buoys in the Narva artificial lake, Estonian border guard chief of staff Major Aare Evisalu told BNS. Russian border guard have promised to inform their Estonian colleagues in advance about the start of the work.

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"Estonian border guards check the position of the buoys against the coordinates previously provided by the Russian side and the borderline as defined in the Tartu Peace Treaty," Evisalu said. "Also, a representative of Russia's northwest border guard general staff has proposed a joint checkup of the location of the buoys."

Russia's Baltic Fleet and border guard started unilaterally marking down the border in Lake Peipus on Tuesday. Estonian border authorities were informed about the start of the work and given the exact coordinates of the buoys May 27.

Lithuania

PFP Hailed as Practical Way To Approach NATO

WS0106150895 Tallinn BNS in English
1300 GMT 1 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 01, BNS — Lithuania's participation in the Partnership for Peace [PfP] program is the best practical way of developing the country's armed forces and approaching NATO membership, says Lithuanian Foreign Minister Povilas Gylys.

The Lithuanian minister expressed the view at a ministerial session of the North Atlantic Cooperation Council [NACC] that was held Wednesday in the Dutch resort of Noordwijk.

Gylys welcomed the signature of an individual partnership program between Russia and the Atlantic alliance, as well as plans to expand their relationship beyond the PfP, the Foreign Ministry's press service said. The minister expressed hope that wider cooperation between NATO and Russia will promote greater trust and understanding among nations participating in the partnership plan, it added.

Gylys urged NATO not to limit itself to traditional meetings and seminars with its partners, but also to pay more attention to expert assistance.

Before the Noordwijk meeting, Danish, Estonian, Latvian and Lithuanian foreign ministers exchanged views on the possibility to create an international council of advisers to deal with Baltic security matters.

The council would include security experts from Scandinavian countries, France, Great Britain and the United States. The foreign ministers of the Baltic states are expected to make a final decision on the council's creation at their meeting on June 9.

After the NACC ministerial session, Gylys attended U.S. State Secretary Warren Christopher's meeting with 11 East European foreign ministers.

Gylys Welcomes Widening Russia-NATO Cooperation

LD0106181795 Moscow INTERFAX in English
1533 GMT 1 Jun 95

[FBIS Transcribed Text] VILNIUS, June 1 (INTERFAX) — Lithuanian Foreign Minister Povylas Gylys said in Noordwijk Thursday [1 June] that the widening cooperation between Russia and NATO will reinforce trust both between themselves and other NATO partners engaged in the program Partnership for Peace.

In addition, Gylys said that Lithuania regarded its involvement in the program as the best practical way to create its own armed forces and achieve NATO membership, the Lithuanian Foreign Ministry's press service told INTERFAX.

Gylys called on NATO "not to limit itself to traditional forms of cooperation, mainly meetings and seminars." It would be expedient to "pay more attention and funds to NATO experts' rendering long-term assistance locally," he added.

Russia Joining Partnership for Peace Welcomed

LD0106181095 Moscow INTERFAX in English
1636 GMT 1 Jun 95

[FBIS Transcribed Text] Vilnius, June 1 (INTERFAX) — Lithuania welcomes Russia's joining the NATO Partnership for Peace program, the Lithuanian president's Advisor on Foreign Policy Justas Paleckis told INTERFAX in an interview today.

He said Lithuanian President Algirdas Brazauskas had repeatedly stated that he was in favor of Russia participating in the NATO program and in European processes as a whole "because this will contribute to strengthening stability and security in Europe."

In regards to the statements of Russian politicians against NATO's enlargement, Paleckis said their position was "somewhat ambiguous because on the one hand Russia is ready to cooperate with NATO but on the other hand Moscow fears the alliance's enlargement."

Paleckis said that Lithuania's "strategic goal to become a NATO full-fledged member remains unchanged."

Paleckis said that reduction of the military contingent in Russia's Kaliningrad Region was necessary not only for Russia's neighbors but to also for Russia itself.

Mediation Sought in Baltic Sea Border Dispute

LD0106221695 Moscow INTERFAX in English
1954 GMT 1 Jun 95

[FBIS Transcribed Text] VILNIUS, June 1 (INTERFAX) — The border between the Baltic Sea economic

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zones of Lithuania and Latvia could be established with the participation of international institutions, Adolfas Slezevicius, Lithuanian Prime Minister, said at a plenary session of the country's parliament Thursday [1 June].

He noted that Lithuania and Latvia had signed and ratified a treaty on the state border. He said that talks on the Baltic Sea economic zones border, which have been conducted for several years, have reached a deadlock. In order to clear up the situation and strive to find a solution to the problem the presidents and prime ministers of the two countries held a working meeting in Maisiagala, in the Vilnius suburbs, on May 20.

Slezevicius said that the memorandum on the establishment of economic zones border, which was signed at the meeting and stirred up a controversy in Lithuania, is only a "recommendation that will not influence the talks in any way."

He maintains that political emotions over the memorandum were whipped up by the opposition forces in order to distract public attention from upcoming important events in the foreign policy of Lithuania, including the signing of an agreement on association with the European Union, set for June 12. "The event will mark a change of the political sphere, since Lithuania, having become an associated member of the EU [European Union], will pass from the ex-Soviet into the European political sphere," said Slezevicius.

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